

Effects of the Anti-Inflation Brake (page 50)

# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

AUGUST 1948



"Some 25 Chicago architects judged the entries" (page 33)

## 500 Bank Building Plans

(page 33)



## DOUBLES VOLUME EVERY YEAR

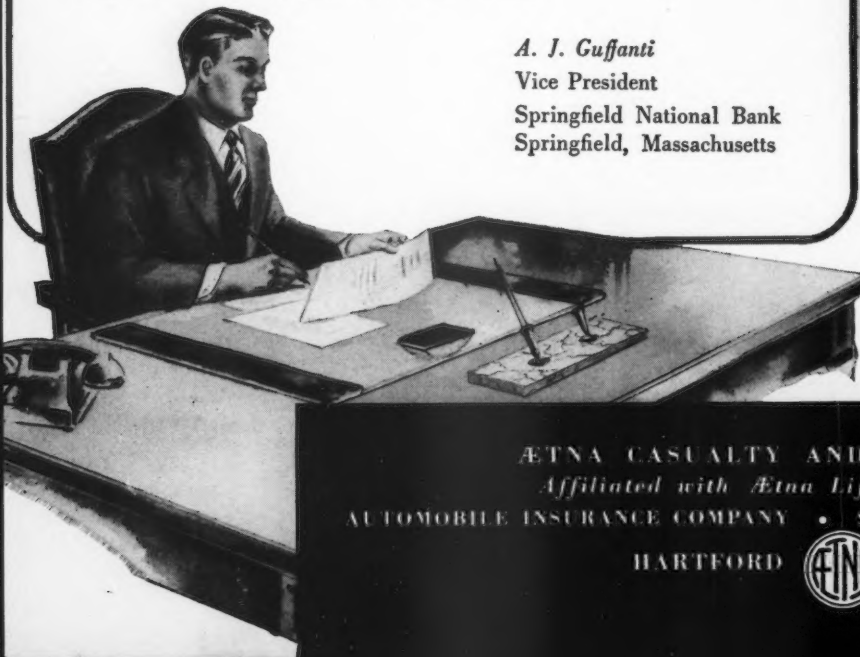
"Since 1945, when we started working with local insurance agents under the Bank and Agent Auto Plan, our volume of direct auto loans has doubled itself every year. During 1947 — in a city of 160,000 — we made about \$1,000,000 worth of loans to 1,197 customers, many of whom had been strangers to the bank.

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Vice President  
Springfield National Bank  
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# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



Our cover shows a group of Chicago architects voting in a contest involving, in the finals, 500 bank building plans. The story is on page 33

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BANKING—Vol. XLI No. 2. Published monthly and copyright 1948 by the American Bankers Association, Harold Stonier, Executive Manager, 12 East 36th Street, New York 16, N. Y., U. S. A.—\$4 per year.

Chicago office at 105 West Adams Street, Chicago 3, Ill.; Washington office, 719 Fifteenth Street, N. W. Subscriptions: \$4 yearly; Canada, \$4.50; foreign, \$5; single copies, 35 cents. Entered as second-class matter May 5, 1909, at the Post Office at New York, N. Y., under the Act of March 3, 1879. Additional entry at Concord, N. H. With the exception of official Association announcements, the American Bankers Association disclaims responsibility for opinions expressed and statements made in articles published in this Journal.

August 1948

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*"Dress up  
your package"*

is good advice for BANKERS too

One of the primary functions of a commercial bank is the transfer of funds—and checks are the tangible evidence of that service. Distributed by banks at the rate of billions a year, checks are continually passing through the hands of a bank's customers...and of every worthwhile banking "prospect" in the community. Obviously, it's quite as important for a bank to have a representative check as for a manufacturer to have a suitable package.



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## Just a minute

### Building . . . Remodeling?

ARE you building a new bank or remodeling the old one? Are your plans in the construction or blueprint stages, or still in the back of your head? Interested in other banks' experiences as to design, costs, construction problems?

If the answer to any of these questions is "Yes," the series of articles that starts in *BANKING* this month will be as important to you as anything we've published in a long time.

With "500 Bank Building Plans" (page 33) as a curtain-raiser, we begin a thorough discussion of a subject which, in the past few years, has been close to the hearts of thousands of bankers. Indeed, to the best of our knowledge some 1,200 banks have either remodeled or built new quarters since 1940—and that means mainly since 1945, for the war years can virtually be counted out.

### Banking's Survey

HOWEVER, the work done by these banks toward modernizing their premises—and thereby increasing their efficiency and capacity for service—is actually only a good start. *BANKING* estimates that nearly 6,000 banks are

now planning to build or to remodel, and it is to them that our series is primarily directed. Thanks to the generous cooperation of banks that have already struggled with the problems of design, costs and construction, we are able to offer those still in the planning stage the benefits of the experience gained by many of the 1,200.

To each of the latter *BANKING* sent an extensive questionnaire covering, in considerable detail, the project undertaken. Replies were received from a large percentage, and from them we have obtained invaluable information on such things as materials, layout, equipment and costs. This reservoir of fact is being tapped for the practical articles that are to follow, so you will find, as the series appears, discussions of costs (and how to keep books on them so that they can be properly amortized), materials, the merchandising aspects of bank buildings, provision for operating and employee efficiency, and other useful guideposts for the banker who is planning to build or rebuild.

In addition, experts will write about sites, planning and design, and the dollars and cents angle of the entire subject. There'll be case studies, too, covering, successively, a country bank, a city bank, a savings bank, and a community or suburban bank.

Sounds good, doesn't it?

### This Month

JOHN J. McCANN, *BANKING*'s staffer who has more or less specialized in bank building matters for the past several



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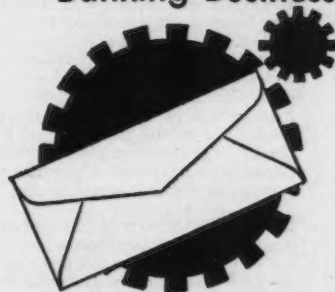
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### WHAT ABOUT THAT CHECK DEPARTMENT?

About five years from now we may be asking this same question. By then, however, check departments in banks may be quite common, so perhaps we'll follow up with something like this: "Do you still have check inventories at every teller's window? In each officer's desk? Do customers have to wait in line for their check-books? Are you still paying the bill for checks, or are your customers buying their imprinted checks? If you haven't started one, this is the time to do it."

But now, since very few banks have check departments, we cannot become too disturbed over the fact that thousands of banks do not. Nevertheless, as one bank at a time installs this control, we will be watching the development and we hope soon to mark it as a trend. It's coming sure as shootin' because the growing use of imprinted checks will make it necessary. And it will pay for itself... in addition to which it will establish better control of check distribution.

Peering just a little further into the

future, we can see greater emphasis being given to the dignity of the checkbook... more ceremony as it is ordered and delivered. And why not? Isn't the checkbook just about the most important instrument in the financial field? Isn't it the personal currency of the individual? Why shouldn't it command more respect and attention than an ordinary piece of stationery? It should, it does, and it will!

As observers we see these developments start and, because they affect our operations, we watch them closely. For the past ten years we have been watching the development of Personalized Checks. At first just a little interest. Then gradually an accelerated interest. And now a nationwide interest with such momentum that two things are almost certain to come about: one, that all people who have checking accounts will some day use imprinted checks; two, that one person, or one department in each bank, will control their distribution. So what about that check department?

**D & LUXE**  
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"Here's the final payment!"

years, starts the series in this August issue with a report on the competition for small-bank designs sponsored by the Beaux-Arts Institute. More than 500 drawings were submitted by student architects for this competition, and Mr. McCANN describes and pictures the winning entries and the honorable mentions.

Taking a backward glance at the "new look" in bank housing as it has been reported from time to time in this magazine, he notes "a definite trend toward better banking from every point of view: efficiency, service, convenience, public reaction.

"But," he continues, "progress can't be measured by current trends alone; the evolution in bank design is accelerated by an open-minded interest in radical innovations. . . . To walk through an exhibition hall of several hundred student designs for a small bank may, at first blush, convince you that the style and treatment are too rich and radical. With a little study, you'll find merit popping out all over."

### President Howie

**H**OWIE DUZZIT, BANKING's ambitious, energetic cartoon character, is boss of his bank this month.

Howie wanted a vacation, and naively thought the easiest way to get one would be to take over his president's job. Inasmuch as Mr. Duzzit's destinies are in our control, we said "Sure."

Well, it was a cute idea and so far as we know everything turned out all right. But in the meantime, Howie was a very busy banker. In fact, he had never realized that sometimes a bank president just doesn't get time to read  
(CONTINUED ON PAGE 6)

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### JUST A MINUTE — Continued



"Our advertising budget is limited... and we like to set an example in thrift"

a newspaper. Howie gets around to reading his after he's gone to bed.

Mr. Duzzit's presidential adventures, depicted as usual by DICK ERICSON, unfold on pages 40 and 41.

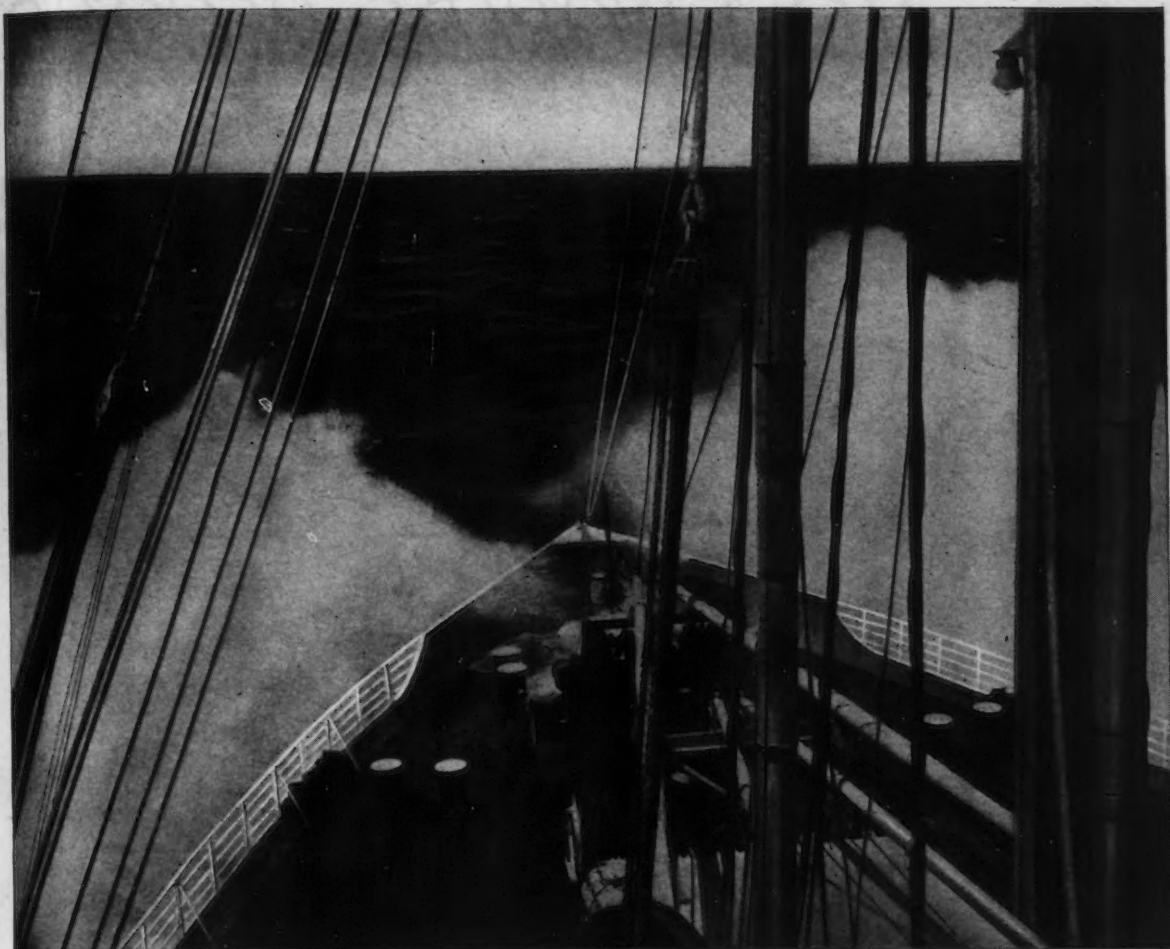
### Credit

For the past year and a half the Credit Policy Commission of the American Bankers Association has been making semi-annual surveys of banker opinion on credit conditions and policies. The most recent survey was completed during June of this year and Commission Chairman LESTER E. SHIPPEE reports on it in the article, "Effects of the Anti-Inflation Brake," page 50).

During the first half of 1948 loans outstanding increased about a billion and a half dollars—half the gain shown in the comparable 1947 period and only one-third of the rise in the last half of 1947. Mr. SHIPPEE points out that the past six months witnessed the banks' constructive fight against inflation and that their program, suggested by the president of the American Bankers Association, "proved timely and effective."

The survey, he says, disclosed that the 358 participating bankers felt that the A.B.A. anti-inflation efforts were successful in discouraging the use of credit for speculative or non-essential purposes and in stressing the need for channeling it into productive uses.

(CONTINUED ON PAGE 11)



## Overseas collection service through foreign banks

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**T**HROUGH an experienced Foreign Department and worldwide banking connections, Bankers Trust Company offers you high-speed collection service on your foreign items. You can assure your customers of fast, efficient collection service when you send these items to us.

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names—and furnish up-to-date information on exchange regulations in the various countries.

It may pay you to investigate these and other services we offer banks which want to serve their customers as efficiently in foreign transactions as they do in domestic matters.

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"Altogether, we've returned to our policyholders something more than \$110,000,000.

"Is your bank getting its share? With American Mutual writing practically every sort of insurance, except life, this 20% dividend ought to be mighty interesting to your Trust Officers. And it could make a very real saving on your own workmen's compensation insurance, and your employee's group accident and health, and other casualty insurance.

## AMERICAN MUTUAL . . . the first American liability insurance company

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# WORTH LISTENING TO!

CAN TELL) by Mr. Friendly



"In addition to this 61 year dividend record—a record no other liability insurance company can equal—there are many other extras you might be interested in . . .

"Like American Mutual's special I. E. Loss Control Service\*

. . . which gives added protection to your industrial loans by eliminating accidents and keeping production flowing smoothly. It's part of every industrial policy—at no added cost!

"I'd like to tell you about American Mutual's 73 offices in major

cities—and our record for settling claims quickly and fairly, but they'll have to go over to next time.

"So, my very best wishes till I see you again—and if there's anything I can do for you, just give me a ring!"



\*Accident prevention based on principles of industrial engineering.

August 1948

## REMEMBER: ALL AMERICAN MUTUAL POLICIES ARE NON-ASSESSABLE

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Total Claims	Total Dividends to Policyholders	
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## JUST A MINUTE — Continued

"It was practically the unanimous opinion of those replying," Mr. SHIPPEE asserts, "that bankers were continuing to exercise greater care and selectivity in the extension of credit."

### How's Business?

THE Commission's survey also offers a good cross section of banker opinion on business conditions. The participants represent large and small banks, large and small cities, and the industrial, agricultural and mining districts of the country. In general, they find the business outlook favorable, although in some sections weather had reduced crop expectancy and in others manufacturing has been curtailed in industries where supply lines have been filled up. Again, seasonal trends are once more obvious as the supply of goods in some lines rises.

Mr. SHIPPEE's summary presents the core of the survey's findings on interest rates, repayments, various types of loans, business capital expansion, and retail and wholesale inventories.

### Triple A Public Relations

FROM this corner, one of the best public relations jobs in some time seems to be the project undertaken by Cashier GEORGE R. RAST of The First National Bank, Leesburg, Florida.

As you'll recall, the story was told in our June article, "The Cashier Started Teaching." Mr. RAST last year gave a course in banking to Leesburg high school seniors, and he's going to repeat it next year. He supplements classroom theory with student visits to the bank so that the young people (tomorrow's bank customers) not only learn what the textbook says about checks, deposits, book-keeping and loans, but how the bank

"Say, what kind of a two-unit air conditioner did you sell me?"



"Morning, Robinson. Just stepped in to see if the heat has expanded my credit a little"

handles these functions and services. In other words, the students get a practical knowledge of banking which will be useful to them in their business lives, regardless of whether they become bankers.

The June article, by BELLE S. HAMILTON of the First's staff, attracted wide attention, so we asked for an outline of Mr. RAST's course. You'll find it on page 38, together with the examination that concluded it at the end of the school year.

### Delinquent Federal Taxpayers

D. J. NEEDHAM, general counsel of the American Bankers Association, contributes to this month's issue an informative commentary on federal tax liens as applied to bank deposits.

Although he does not attempt to decide the problems involved in claims affecting bank accounts of delinquent taxpayers, Mr. NEEDHAM clarifies the subject by reviewing some of the more pertinent statutes, cases and rulings. The discussion is directed to the general tax lien arising after a taxpayer's failure to pay his income tax, rather than to estate and gift tax liens attaching to the property of a decedent or donor at the time of death or of gift.

### Bank Aid to Young Farmers

A COUNTRY banker must get a good deal of satisfaction from extending the friendly hands of credit and good advice to the young farmers in his community.

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On every day of the week at every hour of the day, this bank is on the job transacting business for our correspondent banks in many sections of the country.

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JUST A MINUTE — Continued



"Dear me, no! It's much too hot for Southern Pacifics. Buy me some Canadian Railways, or something"

Take DON SCHOOLER, for instance.

Mr. SCHOOLER is with the Citizens National Bank of Chillicothe, Missouri. The man and the bank together are operating a project loan program—a calf loan here, a feeder loan there—that has started many young men on the road to successful farming. The loans, says HAROLD SEVERSON who tells the story in "This Bank Graduates Farmers" (page 57), are on a business basis. The minimum age of a borrower is 10 years; youngster and parent sign a combination note and chattel mortgage on stock purchased, and 6 percent simple interest is charged.

"We know," Mr. SCHOOLER told our reporter, "that some banks make interest-free loans to 4-H or FFA members. However, our thinking in that respect is different. We want to make loans on a businesslike basis just as though the youngsters were adults. In that way, when they reach their 21st birthdays, they'll continue to make these loans the same way as they were doing when they were in high school."

The Citizens National has extended nearly \$50,000 in credit to young people in its area during the past eight years. The losses have amounted to \$104, or two-tenths of 1 percent.

**1950**

THAT isn't a date; it's the number of bankers who are now alumni of The Graduate School of Banking conducted by the American Bankers Association at Rutgers University since 1937. The Class of 1948, receiving its diplomas at

the close of the 14th resident session this Summer, contributed 244 men to the total of graduates.

Statistics can't measure the school's success and its place in advanced adult education, but they do indicate the importance bankers place on its training. The 1948 session enrolment was 953, a new record. The men, 336 of them in the entering class, came from 106 towns and cities in 33 states; one was a banker from Chile.

As for the faculty of more than 60 members—well, in the words of Dr. HAROLD STONIER, the G.S.B.'s director, it is, "without reservation," the school's greatest asset.

"It rekindles one's faith in human nature and in banking," said Dr. STONIER to the Class of 1951, "to know that a corps of highly trained men are willing to assume the added responsibility imposed upon them by taking leadership in this educational enterprise. Their hearts as well as their minds have been in this undertaking—and that is why it has succeeded."

Pictures of this year's resident session on the Rutgers campus, the names of the graduating class, and stories about some of the activities, appear in this month's "Banking News," beginning on page 82.

JOHN L. COOLEY

*To regret a competitor's failure is a test of greatness.*

Ten athletic events are needed to make a decathlon. How about dressing in an upper berth as an illustration?

*What this country needs is to put the cookbook back on the best sellers' list.*

"I'll leave 35 cents in my account—enough for lunch when I return from my vacation"



BANKING

# UNHAPPY LANDINGS . . .

can throw you for a big loan loss!



Accidents to the public *do* happen . . . and when they involve a borrower's premises or products, the resulting lawsuits can wipe out his business—and perhaps your loan!

For instance—a visitor in your borrower's plant trips over a hand truck negligently parked in the aisle, fractures skull, sues for and gets \$25,000. *How about your loan?*



—Worn cable strands snap, elevator drops 25 feet. All seven passengers sue your borrower. They collect a total of \$100,000. *How about your loan?*



—Faulty container of one of your borrower's products explodes in a consumer's face, badly disfiguring her. She sues for plenty. *How about your loan?*

## USE THIS INSURANCE ✓ CHECK LIST (ON BORROWER'S SOLVENCY)

Is his business adequately covered against loss by—

- ✓ Fire and Extended Coverage (bldgs. & stock)
- ✓ Business Interruption Insurance
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- ✓ Blanket Fidelity and Forgery
- ✓ Burglary & Holdup Insurance
- ✓ Transportation & Marine Insurance
- ✓ Automobile Liability Insurance

Insurance Company of North America, founded 1792, oldest American stock fire and marine insurance company, heads the North America Companies which meet the public demand for practically all types of Fire, Marine, Automobile, Casualty and Accident insurance. Sold only through your own Agent or Broker.

Loan losses can come from the strangest sources!

Fortunately, Blanket Liability Insurance (Premises, Products, etc.) offers a "protection package" for accidents to the public, for which the courts may hold your borrowers liable.

Are your clients now protected against these and the other hazards suggested by the Check List at left? If not, advise them to see an Indemnity Insurance Company of North America Agent.



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August 1948

# California Bank *Los Angeles*

WE INVITE ACCOUNTS FROM BANKS, CORPORATIONS, AND INDIVIDUALS • SEND US YOUR PACIFIC COAST BUSINESS

## Statement of Condition as of June 30, 1948

### RESOURCES

Cash and Due from Banks . . . . .	\$97,905,421.15
United States Government Securities . . . . .	225,944,948.11*
Obligations of Other Federal Agencies . . . \$ 4,612,741.95	
State, County and Municipal Bonds . . . . .	15,652,546.82
Other Bonds and Securities . . . . .	539,993.72
Federal Reserve Bank Stock . . . . .	390,000.00
Ownership of California Trust Company . . . . .	1,475,324.66†
Loans and Discounts . . . . .	100,270,533.37
Bank Premises, Furniture and Fixtures . . . . .	1,173,376.96
Earned Interest Receivable . . . . .	1,650,802.77
Customers' Liability under Letters of Credit and Acceptances . . . . .	2,326,283.14
Other Resources . . . . .	341,229.23
<b>TOTAL . . . . .</b>	<b>\$452,283,201.88</b>

### LIABILITIES

Deposits: Demand . . . . .	\$259,842,376.89
Time . . . . .	155,435,791.68
United States War Loan Deposit . . . . .	5,490,164.54
Other Public Funds . . . . .	8,756,684.78
Reserve for Interest, Taxes and Expenses . . . . .	1,556,247.08
Unearned Interest Collected . . . . .	1,141,031.34
Letters of Credit and Acceptances . . . . .	2,399,278.64
Capital Stock . . . . .	6,500,000.00
Surplus . . . . .	6,500,000.00
Undivided Profits . . . . .	4,661,626.93
<b>TOTAL . . . . .</b>	<b>\$452,283,201.88</b>

\*\$22,178,661.50 pledged, according to law, to secure Public Funds and Trust Deposits.

†California Trust Company—owned by California Bank and devoted exclusively to trust service—has Capital of \$1,000,000.00, Surplus of \$505,000.00 and Undivided Profits of \$249,955.93.

### OFFICERS

FRANK L. KING, *President*

*Senior Vice President*

ALLAN HANCOCK

*Vice President and Counsel*

CHAS. E. DONNELLY

*Vice Presidents*

W. F. BRANDT	ARTHUR T. BRETT	G. M. CHELEW	C. C. De PLEDGE
W. WAYNE GLOVER	F. S. HANSON	H. E. HUDSON	T. E. IVEY, JR.
F. M. MAGEE	JOSEPH MAGOFFIN	J. G. MAULHARDT	H. J. MENDON
B. B. ODELL	R. A. REID	F. HOWARD RUSS, JR.	J. A. SHINE
A. H. SMITH	J. H. STEENSEN	CLIFFORD TWETER	
O. S. AULTMAN, <i>Cashier</i>			

MEMBER FEDERAL RESERVE SYSTEM & FEDERAL DEPOSIT INSURANCE CORPORATION

## In "Oscar" Race

TWENTY-SEVEN banks have received Awards of Merit for the excellence of their 1947 annual reports in the 8th Annual Survey of Annual Reports conducted by *Financial World*, weekly magazine of business and investments. The banks will have their reports considered for the "Best of Industry" Awards, commonly called "Oscars of Industry," to be made in October.

The Franklin Square (New York) National Bank won last year's "Oscar" for the best report in the national banks category. Runner-up was the Central National Bank of Cleveland. Last year's winner in the trust companies group was the Girard Trust Company, Philadelphia, with the Irving Trust Company, New York, as second best.

### In Final Judging

The banks that receive the Award of Merit and will be considered in the final judging are:

#### NATIONAL BANKS

Bank of America N. T. & S. A., San Francisco

\*Bank of Montreal, Montreal

Bank of Warwick, Hilton, Virginia

Central National Bank, Cleveland

Chase National Bank, New York

Commercial National Bank, Peoria, Illinois

Corn Exchange National Bank, Philadelphia

\*First National Bank, Portland, Oregon

First National Bank & Trust Company, Tulsa

Merchandise National Bank, Chicago

\*National Bronx Bank, New York

Northwest Bancorporation, Minneapolis

Old National Bank, Evansville, Indiana

Rapid City National Bank, Rapid City, South Dakota

\*Valley National Bank, Phoenix, Arizona

#### SAVINGS BANKS

\*East River Savings Bank, New York

\*Farmers & Mechanics Bank, Minneapolis

\*Manhattan Savings Bank, New York

#### TRUST COMPANIES

\*American Security & Trust Company, Washington, D. C.

\*Bankers Trust Company, New York

\*Colonial Trust Company, Waterbury, Connecticut

\*Detroit Trust Company, Detroit

First Security Corporation, Ogden, Utah

Girard Trust Company, Philadelphia

Irving Trust Company, New York

Savings Banks Trust Company, New York

Union Trust Company, Springfield, Massachusetts

\*First-time winner of Award of Merit.

BANKING



# The G-E Way of Living!

**Makes their home  
a better  
mortgage risk!**

## **What is the G-E way of living?**

To the homeowner, it means living in a house that's designed for better living, *electrically!*

To you, it means a house that is a safer investment!

## **Homeowner's comfort protects mortgage!**

A modern home with G-E All-Electric Kitchen and Laundry gives the buyer the comfort, convenience, economy and leisure that are today's ideal of home living.

Meanwhile, the family is *using* the house while it is being paid for—a factor that promotes prompt and regular payments.

The resale value of such a home remains high. And the up-to-date condition of the home means a *quicker* resale.

## **Is the cost prohibitive to the buyer?**

A home that features the G-E way of living is easily within the means of the average buyer. A complete G-E



equipped home usually costs him only an estimated average of \$4.80\* more a month in a "packaged mortgage!"

The economies of owning General Electric appliances are often enough to cover the slight extra monthly charge. (According to a national survey, 51% of the men and 53% of the women said they prefer G-E electrical appliances!)

Ordinarily, the home buyer would have to buy electric equipment *separately*. Extra installment payments would burden the buyer, perhaps interfere with mortgage payments.

The "packaged mortgage"—which makes G-E Appliances a *basic part* of the price—eliminates this risk, thus adding another safety factor to mortgage payments!

**LEARN THE  
GENERAL ELECTRIC  
HOME BUREAU STORY**

If you are interested in the inclusion of operating equipment in your realty mortgages, write to the General Electric Home Bureau for further information.

Address the Home Bureau, General Electric Co., Appliance and Merchandise Department, Bridgeport 2, Connecticut.

\*When equipment is included in a long term mortgage.

**GENERAL  ELECTRIC**

**THE APPLIANCES MOST WOMEN WANT MOST**



Take a 39-day vacation cruise to the Orient on the new

**S. S. PRESIDENT CLEVELAND**  
sailing from San Francisco, September 9; from  
Los Angeles, September 11

**S. S. PRESIDENT WILSON**  
sailing from San Francisco, October 7; from  
Los Angeles, October 9.

America's finest postwar luxury liners  
Leaders of the GLOBAL FLEET

Ports of call: HONOLULU, MANILA  
HONG KONG, SHANGHAI, YOKOHAMA

Let the other fellow carry the load  
for just a few weeks while you  
treat yourself to a perfect rest in a  
world apart, a world far removed  
from the daily grind. You'll enjoy  
delicious food, superb service, a  
beautiful air-conditioned stateroom,  
complete relaxation, parties,  
movies, deck sports, swimming... all  
these and more for your pleasure.

#### MONTHLY SAILINGS

See your bonded travel agent  
Round trip fares, \$1260 up



Or—if you have more time—plan a  
100-day 'Round-the-World voyage  
on the luxurious President Polk or  
President Monroe. Fares, \$2470 up.

**AMERICAN  
PRESIDENT  
LINES**

*Your American Hotel Abroad*

#### SEND FOR FREE FOLDER

American President Lines, Dept. D-10a  
311 California Street,  
San Francisco 4, California

Please send me your attractive folder on luxury  
cruises to the Orient and 'Round-the-World

Name \_\_\_\_\_  
(please print)  
Street \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_



JUST because it's wet ain't no sign it's  
water!" declared a letter received  
by our bank a few days ago. The writer  
had financed through the bank the in-  
stallation of a pump and the digging of  
a well by a firm we will call "Sharp  
Brothers."

The letter continued: "Please make  
them come and move their pump,  
because I'm not going to pay them.  
They guarantee a well of good water  
and I got a well of mud. They had their



outfit here going on three weeks and  
they moved it out Wednesday and we  
still got just mud."

One of our officers went to see the  
firm representative, urging that satis-  
factory service be given. Mr. Sharp  
said, "All we guaranteed was to get  
him water, and he's got water." "But,"  
said our officer, "it's not drinkable.  
It's very muddy." "Well, that ain't  
our fault. We put down a well and he's  
got a well."

The argument still continues, but it  
is likely this firm will have difficulty in



financing further contracts or in being  
paid for the one in question, since, as  
the disgruntled purchaser says, it has  
provided him with water so muddy  
that even the cat turns up her nose at

it. "I tell you, Mister," he said, pathet-  
ically, "that poor little critter looked at  
that dish of dirty water and gave me  
such a disgusted look I was ashamed of  
myself!"

This disappointed customer had good  
reason to call on the bank for assist-  
ance. There are other customers, how-  
ever, who attempt through the bank,  
to put over projects of their own. Some  
think they have lighted on a brand new  
idea, for instance, when they "boost"  
the price of a car they are planning to  
finance through the bank, so that the  
amount loaned will take care of the  
down payment or a large proportion  
of it. It's always a good plan for a man  
to take his wife into his confidence, es-  
pecially when he brings her to the bank  
to make a deal. Unfortunately, in at  
least one such case, the would-be bor-  
rower who approached one of our offi-  
cers for a loan, had only told his wife,  
jubilantly, about the perfectly swell  
used car he was about to purchase for  
only \$800. When he told the officer  
that the price of the car was \$1,200, the  
Missus balked. She said the car wasn't  
worth it, and that they didn't have  
\$400 for a down payment. "You told  
me it was going to cost \$800," she said,  
"and Bill Jones hasn't any right to go  
up \$400 on the price. And quit kicking  
my foot!" she exclaimed, "I guess I



can say how I feel about spending so  
much on an old car. We got along  
without one for three years and we're  
not going to pay any such a price for  
an old car that's been kicked around  
for years by Bill and Betty Jones!"

Smiling sheepishly at our officer (for  
he saw his little game was up), the po-  
tential financier rose to his feet, took  
his wife by the arm, and said, "Well,  
Mister, as long as she feels that way  
about it I guess we can't do any busi-  
ness with you," and walked out looking  
as if he could bite a nail in two.

BELLE S. HAMILTON

*Russia may not have as many radios  
as we have, but they certainly have a big  
loud speaker.*



According to a recent Chicago bank survey, 51% of bank patrons interviewed cited *convenience* as the number one reason determining their choice of bank facilities. Now you can make your bank available to more people and materially reduce *time* required for actual banking. The Diebold Drive-up Counter will increase the availability of your bank to depositors in terms of banking minutes saved.

The Diebold Drive-up Counter is low in cost, easy to install; has powerful customer appeal. It supplies, in one easily installed unit, every feature you need for efficiency and safety.

The efficient working counter and money drawer are screened behind bullet-proof glass and steel. An electric speaking system provides two-way

communication, the curved glass gives the teller complete, all-around visibility. An electric signal button summons the teller during dull periods.

Installation is quickly completed. You merely provide a wall opening as specified by us. The complete Diebold Drive-up Counter is fitted into the space without delay. Write Diebold, Inc., 1550 Fifth St., S.W., Canton 2, Ohio.

BANK DIVISION  
**Diebold**  
 INCORPORATED

Now includes

YORK VAULTS • MCCLINTOCK ALARMS • CANTON 2, OHIO

BANK VAULT EQUIPMENT • BURGLAR ALARMS,  
 SAFES, CHESTS AND VAULT DOORS • MICROFILM  
 • ROTARY, VERTICAL AND VISIBLE FILING EQUIPMENT

*Backed by World's Largest Bank  
 Service Organization*



# North of the Border

**T**HE Socialist (C.C.F.) party in Saskatchewan went back into power in the provincial elections late last month, but with a greatly reduced majority and with very scanty margins in various constituencies. These results were quite in line with some forecasts, including one in a previous issue of **BANKING**. The Socialist group won about 30 out of 52 seats, losing 15 to the Liberal and Fusion (Liberal-Conservative) candidates. One of the best analyses of the voting shows that the Socialist majority in five important constituencies would have been wiped out if only 300 or 400 more votes had been cast for the Liberal and Liberal-Conservative candidates. The transfer of about 1,000 votes in 10 other constituencies would have meant complete defeat of the Socialists.

The results of the election demonstrated beyond all doubt that rural Saskatchewan had become uneasy as to the Socialist Government's program, with its emphasis upon wage increases, bonuses and other handouts to labor without equal compensation to the agricultural population. In other words, rural Saskatchewan turned against government-operated industries and social security designed mainly for urban workers. It is clear, also, that the present Government will have to proceed much more cautiously with its Socialist policies than during its last term of office. The Opposition, now well represented in the provincial legislature and under a strong leader, has good prospects of gaining even more favor in agricultural districts and thereby of winning the next election.

Another provincial election, that in New Brunswick, had no national sig-



The new three-cent United States-Canada friendship commemorative postage stamp which goes on sale August 3 at Niagara Falls

nificance beyond the defeat of every Socialist candidate, the Liberal Administration being returned to power with an overwhelming majority. The election in the Province of Quebec late in July is, however, of considerable interest, as pointing to the direction in which some national affairs will be formulated.

## Hydro-electric Program

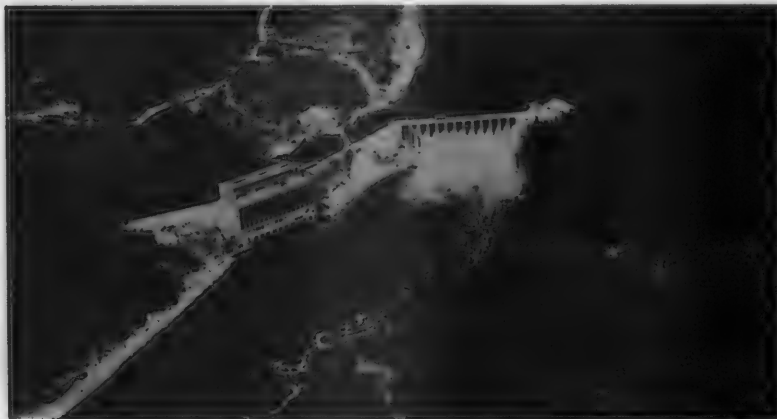
Canada has undertaken one of the greatest hydro-electric development programs ever to be framed anywhere. This country's big industrial system is already powered mainly by hydro-electric energy, at least three-quarters of its factories and mills being so equipped. Yet it has developed not more than 20 percent of its total water power resources with installations of less than 11 million horsepower out of 52 million known and measured. The present installations, however, provide

about the same amount of electric power as is available in Britain, where coal is the main source. In developed hydro-electric energy Canada ranks an easy second to the United States.

During World War II, about two million horsepower was added to the hydro capacity of Canada, most of it in the Saguenay district of the Province of Quebec for the purpose of providing more aluminum for the Allies—about 40 percent of all their requirements of this material. Reconversion to a peacetime economy was expected to release sufficient of the new power capacity for all additional civilian business. Partly because of this reasoning, and partly because of labor and material shortages, only 200,000 horsepower was developed between 1945 and 1947, which proved to be altogether insufficient for the greatly increased industrial activity and use of electrical appliances, as well as for a considerable extension of rural and farm electrification. In the year 1947, alone, consumption of this power rose by 20 percent to set a new record, and late in that period and early in the current year some rather serious cuts had to be made both for industrial and household purposes. Accordingly, an extensive program, designed about two years ago, was speeded up and at present over one million new horsepower is in the process of development and at least another million is definitely planned and close to the development stage. Moreover, estimates are now being prepared for the St. Lawrence Waterway scheme, which might eventually lead to the installation of an additional

(CONTINUED ON PAGE 20)

Bryson development of the Gatineau Power Company on the Quebec side of the Ottawa River west of Ottawa



CANADIAN INFORMATION SERVICE



# YOU CAN INCREASE YOUR COMMUNITY'S INCOME with FARM PRODUCTION FINANCING

Says **BANKER BILL BAILEY, Clarksville, Tenn.**  
(And your Purina Dealer  
can help you do it)



C. W. "Bill" Bailey, former president of the American Bankers Association and president of the First National Bank, Clarksville, Tenn., is nationally renowned for his progressive program of production credit for building the agricultural community.

Nearly 15 years ago, Banker Bailey launched a program of diversifying agricultural production in western Tennessee with a plan he called the "Four Pillars of Income." The idea was so successful it won recognition in *Reader's Digest*, at banker conventions and everywhere that farm problems were discussed. Bailey rose to the A. B. A. presidency.

This year, speaking at banker meetings in four major cities, he urged country bankers to assume leadership in order to confine use of bank credit to productive uses.

Says Banker Bailey: "I've found the Purina Dealer a key man in the agricultural community. Working together, each of us has a better picture of the needs, the people—and the *opportunities*. Purina Dealer Paul Edmonson, like his father before him, is important to our bank and our community as a partner in building and diversifying our agricultural production with livestock and poultry."

## Partners in COMMUNITY BUILDING



### THE PURINA DEALER IS A MAN YOU SHOULD KNOW

Rural bankers in many other communities are finding their Purina Dealer a good man to know. He and his employees contact farmers day in and day out. They know when the farmer needs banking service, they know when the banker has a good risk and a bad risk. Have you ever discussed your services with the Purina Dealer? Make it a point to do it soon. Working together . . . Banker and Dealer . . . you can build your agricultural community.

**RALSTON PURINA COMPANY**  
Headquarters, St. Louis 2, Mo.



## Statement of Condition

June 30, 1948

### Resources

Cash and Due from Banks . . . . .	\$ 335,154,311.50
U. S. Government Securities . . . . .	\$935,581,026.66
State and Municipal Securities . . . . .	33,026,593.89
Other Bonds and Securities . . . . .	11,279,177.54
Loans and Discounts . . . . .	979,886,798.09
Earned Interest Receivable . . . . .	405,006,589.97
Customers' Liability under Acceptances and L/C . . . . .	5,480,388.36
Bank Premises . . . . .	3,394,087.47
Vaults, Furniture and Fixtures . . . . .	4,473,425.31
Other Assets . . . . .	999,595.11
<b>TOTAL . . . . .</b>	<b>80,804.92</b>
	<b>\$1,734,476,000.73</b>

### Liabilities

Capital . . . . .	\$ 30,000,000.00
Surplus . . . . .	30,000,000.00
Undivided Profits . . . . .	22,000,000.00
Reserves for Contingencies, Interest, Taxes, Dividends . . . . .	\$ 82,000,000.00
Interest Collected - Unearned . . . . .	14,347,379.56
Acceptances and Letters of Credit Liability . . . . .	2,580,847.96
Other Liabilities . . . . .	3,458,009.63
Deposits - Time . . . . .	155,100.30
- Demand . . . . .	\$661,437,749.40
<b>TOTAL . . . . .</b>	<b>970,496,913.88</b>
	<b>1,631,934,663.28</b>
	<b>\$1,734,476,000.73</b>

Securities carried at \$92,010,237.54 are pledged to secure trust funds and U. S. Government, State and other Public Monies, and for other purposes as required or permitted by law.

### BOARD OF DIRECTORS

George M. Wallace, <i>Chairman</i>		
James E. Shelton, <i>President</i>		
L. W. Craig	S. M. Haskins	Chester A. Rude
Shannon Crandall	Ralph B. Lloyd	C. C. Teague
Thomas A. J. Dockweiler	Maynard McPie	Chas. H. Toll
Gabriel C. Duque	William B. Munro	Edward R. Valentine
James B. Gist	Gurney E. Newlin	James G. Warren
Robert E. Gross	John O'Melveny	C. T. Wienke
Tracy Q. Hall	Fred B. Orman	Dr. John C. Wilcox

### 126 OFFICES AND BRANCHES

If a banking connection in Southern California would be of value to your bank, we invite you to open your account with us.

MEMBER FEDERAL RESERVE SYSTEM • MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 18)

tional two million horsepower, the same quantity as planned for the New York State side of the project.

One important factor leading to the development and plans for new hydro-electric power facilities in Canada is a desire that such sources of power along the international border should be interchangeable and thereby provide for switching of electrical energy, particularly in emergencies, from a Canadian industrial center to an American, and vice versa—another example, of course, of the growing economic cooperation between the two countries. In Ontario the fulfillment of this part of the program requires the changeover of most of the Province's hydro-electric system from 60 to 25-cycle at an expenditure of several hundred million dollars over the next five or 10 years. The 60-cycle equipment introduced many years ago and continued by the Ontario Hydro-Electric Commission for reasons of economy must, therefore, be adapted to the 25-cycle.

### Canada a Power Exporter

Canada, it might be noted, is already exporting hydro-electric power to the United States, mainly to the Niagara and Buffalo districts. This export amounts to about 7 percent of the total production. Electricity exported from Canada is under license of a Dominion Government bureau and carries a small export duty per kilowatt hour. The volume is sufficient, however, to bring in a quite large amount to the Dominion Government, the last reported, that for 1945, being about \$675,000.

Supplementing a report in this column of last month's *BANKING* on Canada's participation in the European Recovery Program, the Dominion Government has furnished a list, at the request of the Economic Cooperation Administration, Washington, of the products which it might make available under favorable production and trade conditions, with a value in all of over \$1,600,000,000 for the 12 months ending June 30, 1949. This amount is about \$200 million more than the "shopping list" made up in Washington, but does not vary much in content. Already, at least a third of the higher amount mentioned above has been contracted for by European countries, either through government agencies or private trade channels. The Canadian authorities now require exporters involved in this program to obtain export permits for all European shipments, except those to Britain and Ireland.

in one operation

—this machine mechanically proves each deposit • creates outgoing letters • controls sort of items • establishes controls for all departments • accumulates separate debit and credit totals • and provides identification for all items.



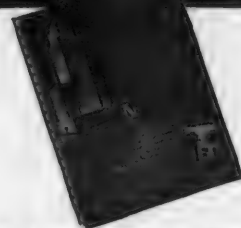
**Its automatic error-detection feature** — which literally *locks out error* — is found in no other machine. It keeps the work absolutely in balance every minute of the day. At the end of the day, control figures are immediately available for final balancing of all departments.

A bank handling even so few as 2000 items a day can keep one of these National Central Control and Proof Machines busy with profit.

One large bank operates a battery of 65, providing definite proof and control on all incoming items, and eliminating peaks and bottlenecks by keeping an even flow of work going to all departments from the time the bank opens until it closes.

For fuller description of this, and all the other National Accounting Machines, ask your local National representative for your copy of the handsome and helpful illustrated 64-page booklet shown at the right. Or, write to The National Cash Register Company, Dayton 9, Ohio. Sales and Service Offices in over 400 cities.

**THE NATIONAL CASH REGISTER COMPANY**



**A NEW, ILLUSTRATED 64-PAGE BOOKLET** describes the services of each of the National line. Shows how they can speed work in every department of your bank. Ask your local National representative to bring you your copy. You'll find it informative and helpful. Have it handy when accounting problems arise.





## STATEMENT OF CONDITION

JUNE 30, 1948

### ASSETS

Cash and Due from Banks . . . . .	\$113,125,774.77
U. S. Government Securities . . . . .	188,954,202.84
State and Municipal Securities . . . . .	17,128,172.56
Other Bonds and Securities . . . . .	2,256,674.26
Loans and Discounts . . . . .	153,244,369.12
Accrued Income Receivable . . . . .	1,315,431.05
Stock in Federal Reserve Bank . . . . .	681,000.00
Bank Premises and Equipment . . . . .	5,055,950.88
Other Real Estate Owned . . . . .	1.00
Customers' Liability under Letters of Credit and Acceptances . . . . .	8,817,861.27
Other Assets . . . . .	631,145.18
<b>TOTAL</b>	<b>\$491,210,582.93</b>

### LIABILITIES

Demand Deposits . . . . .	\$255,375,662.07
Time Deposits . . . . .	144,674,917.47
U. S. Government Deposits . . . . .	5,223,896.53
Other Public Deposits . . . . .	42,576,549.92
<b>Total Deposits . . . . .</b>	<b>\$447,851,025.99</b>
Dividends Payable on Common Stock . . . . .	562,500.00
Income Collected in Advance . . . . .	1,172,160.82
Letters of Credit and Acceptances . . . . .	9,168,865.77
Reserve for Future Loan Losses . . . . .	1,506,936.29
Accrued Interest, Taxes and Other Expense . . . . .	1,775,312.81
Common Capital Stock . . . . .	15,000,000.00
Surplus . . . . .	7,700,000.00
Undivided Profits . . . . .	4,701,799.21
Reserves . . . . .	1,771,982.04
<b>TOTAL</b>	<b>\$491,210,582.93</b>

Securities carried at \$64,042,680.38 are pledged to secure trust deposits, United States Government and other public deposits, as required by law.

Member Federal Reserve System • Member Federal Deposit Insurance Corporation

## By the Way

A farmer is a man who can get to work at any time he likes in the morning just so it isn't later than 5 A.M.

*One reason black markets are successful is that they are conducted on a cash and carry basis.*

A candidate for office may lack experience in national affairs, but that isn't nearly as serious as lacking votes.

*During the time between elections a politician has to fool labor, farmers and business by turns. In an election year he has to fool them all at once.*

The next time you cross in the middle of the block remember: "A pedestrian should be seen, not hurt."

*What this country needs is not more governmental control but more parental control.*

An American says he can play a saxophone blindfolded. We suggest handcuffs, too.

*Man now can fly much faster than a bird, but few birds come down out of control.*

Pacifist: A man who decides he is never going to get married.

*A university doctor announces certain music may cause convulsions. Every American family has had piano practicing of that kind.*

A man who has the character to move the world is a man who has a character the world cannot move.

*The goose that laid the golden egg has nothing on the bricklayer today.*

The only time you hear something you don't know is when you keep your mouth shut.

*A pessimist is a person who thinks the world is against him—and it is.*

Women have a keen sense of humor. The more you humor them, the better they like it.

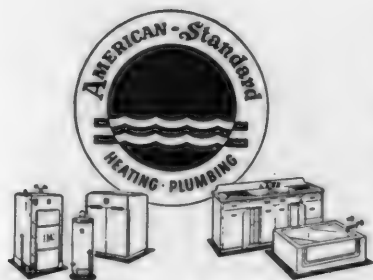
*We suppose the person who doesn't save consoles himself with the thought that the dollars he didn't save aren't worth as much now anyhow.*



Because the long-term value of a home depends so greatly upon the material and equipment which go into it, the alert real estate department manager takes particular note of such essentials as heating and plumbing when considering mortgage loan applications.



**T**HROUGH the years, the name American-Standard on heating equipment and plumbing fixtures has stood for the very finest that money could buy...yet, these quality products cost no more than others. That's why more American homes have heating and plumbing by American-Standard than by any other single company. Your Heating and Plumbing Contractor will be glad to give you details of the complete line. American Radiator & Standard Sanitary Corporation, P. O. Box 1226, Pittsburgh 30, Pennsylvania.



**AMERICAN-Standard**  
*First in Heating and Plumbing*

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## White Collar Salaries

THE Bureau of Labor Statistics of the U. S. Department of Labor has recently published a study of office workers' salaries, hours of work and supplementary benefits in New York, which is one of a series of similar studies in 10 cities of the country.

In the preface to the New York study, it is stated that "in recent years, particularly in view of the rising level of consumers' prices, an increasing need has existed for factual information on the remuneration and employment conditions of such important segments of the nation's working population as 'white collar workers.' In general, much less information is available concerning the economic status of these workers than of wage earners in manufacturing or in such nonmanufacturing industries as mining."

The survey shows that "an analysis of the 20 occupations employing women and the five occupations employing men, in which industry group averages were available in at least six major groups, indicates the following ranking in terms of the relative positions of the various occupations: first, central and administrative offices; second and third, transportation, communication and other public utilities, and wholesale trade; fourth, local plant offices of manufacturing establishments; fifth, services; sixth, finance, insurance and real estate; and seventh, retail trade."

This ranking, it is explained, "was based on the number of occupations ranking first, second, third, etc., for each industry group weighted by assigned factors: seven for each first place, six for each second, etc." Second and third places were practically a tie.

Variations in the number of regularly scheduled hours worked appeared to have little effect on weekly levels. Comparison of average salaries paid for workweeks of 35, 37½, and 40 hours shows marked differences only in the finance, insurance, real estate and wholesale trades groups. In the former, average salaries for workers on a 40-hour schedule were generally higher than for those having a shorter workweek. The general level of salaries for a 35-hour week was higher than for a 37½-hour week.

A summary of wages for the financial group, compared with transportation employees, appears on the opposite page.

**Average Weekly Salaries<sup>1</sup> for Selected Office Occupations in  
New York, N. Y., for Selected Industries,  
January 1948**

OCCUPATION, GRADE, AND SEX	NONMANUFACTURING							
	Banking		Insurance		Real Estate		Transportation	
	Number of workers	Average weekly salaries	Number of workers	Average weekly salaries	Number of workers	Average weekly salaries	Number of workers	Average weekly salaries
<i>Men</i>								
Bookkeepers, hand.....	312	\$61.00	140	\$67.14	84	\$62.85	127	\$69.46
Bookkeeping-machine opera- tors, class B.....	183	39.58	—	—	9	( <sup>2</sup> )	40	37.48
Clerks, accounting.....	407	55.96	625	46.17	73	47.66	998	51.30
Clerks, general.....	934	49.99	842	39.89	26	47.06	516	46.77
Clerks, payroll.....	22	77.53	123	64.09	29	52.55	164	53.42
Clerk-typists.....	37	38.03	37	31.36	—	—	206	41.07
Office boys.....	452	31.81	474	28.73	58	30.74	244	30.30
<i>Women</i>								
Billers, machine (billing ma- chine).....	79	39.02	185	39.72	4	( <sup>2</sup> )	48	45.79
Bookkeepers, hand.....	48	50.82	140	42.47	71	57.76	57	54.75
Bookkeeping-machine opera- tors, class A.....	346	43.82	19	41.30	—	—	2	( <sup>2</sup> )
Bookkeeping-machine opera- tors, class B.....	2,760	37.68	241	41.02	91	39.87	90	42.03
Calculating-machine opera- tors (comptometer).....	64	39.51	463	38.48	26	43.18	188	43.98
Calculating-machine opera- tors (other than comptom- eter).....	144	32.65	272	35.29	—	—	—	—
Clerks, accounting.....	313	42.40	1,499	37.20	149	42.82	501	44.21
Clerks, file, class A.....	653	40.19	610	37.25	24	39.94	66	44.14
Clerks, file, class B.....	443	33.01	2,704	29.44	23	31.24	163	34.71
Clerks, general.....	741	41.37	1,696	35.78	31	51.88	209	41.24
Clerks, order.....	5	( <sup>2</sup> )	124	44.66	16	40.84	18	( <sup>2</sup> )
Clerks, payroll.....	107	51.85	177	54.68	77	41.98	147	46.18
Clerk-typists.....	1,327	37.10	1,376	34.31	125	37.72	510	39.17
Office girls.....	432	28.62	430	29.45	—	—	44	31.34
Stenographers, general.....	2,956	42.40	2,324	39.93	283	41.93	1,167	42.19
Stenographers, technical....	85	45.88	293	48.70	37	52.99	36	55.28
Switchboard operators.....	572	43.40	302	40.12	160	37.61	293	42.50
Switchboard-operator-recep- tionists.....	109	36.47	92	38.95	50	39.27	86	41.09
Transcribing-machine opera- tors, general.....	128	39.48	423	39.87	8	( <sup>2</sup> )	48	35.20
Typists, class A.....	723	39.62	912	37.03	33	37.24	93	42.41
Typists, class B.....	829	36.59	2,570	32.36	32	38.95	350	35.13

<sup>1</sup> Excludes premium pay for overtime work. <sup>2</sup> Insufficient number of workers to justify presentation of an average.

# A Plan to Expand A.I.B. Study Groups

**A** SUGGESTED program for bringing the benefits of the American Institute of Banking's study groups to more bankers in rural areas is being developed by the A.I.B. national officers.

The plan seeks to increase, with the assistance of the state bankers associations and their secretaries, the number of study groups—the Institute units that make its courses available to bank employees in small communities. Several states, notably Kansas and Minnesota, have been highly successful in promoting these groups through a special committee set up for the purpose, and other states—among them Florida, Iowa and Nebraska—have indicated an interest in this method of extending the A.I.B.'s usefulness.

A number of state bankers associations have educational projects that stimulate interest in and provide facilities for part-time study—the Arkansas Junior Bankers Association is an illustration—and the Institute's officers hope that organized expansion of the study group plan can be fitted into these activities. Experience has shown that planned promotion of the Institute's work on a statewide basis produces excellent results.

As all bankers know, the A.I.B. curriculum is offered mainly through chapters in cities that can support a permanent organization of approximately 50 members. To meet the needs of smaller communities the Institute also carries on through the study groups—units with as few as two members and one instructor, although it has been found that at least five students are needed to make an interesting class.

**A**T the end of the 1947-48 A.I.B. year 167 groups were on the national roster. The increase of 24 during the year was in large measure a reflection of the good work done in Kansas and Minnesota where the program was actively promoted by the state associations.

Inasmuch as the study group is a local unit, it can best be organized at the local level, a circumstance that requires leadership and initiative on somebody's part. The task of finding leaders is somewhat beyond the scope of the national organization, and it is therefore being suggested that the state associations, intimately acquainted with banks and bankers in their territories,

lend a helping hand to the job of providing more educational facilities for bank personnel.

## Suggested Procedure

State associations which used the following procedure have had outstanding success in increasing the educational facilities for bank personnel:

(1) Set up within the association an A.I.B. committee or other group to organize and carry on the work. The committee should include only bankers who are interested in the development of banking education. It should be large enough to cover the state adequately, each member having a radius of about 30 miles as his territory.

(2) Give each committeeman the responsibility of visiting every bank in his assigned area to sell the idea of taking part in the program and organizing one or more groups.

(3) The committee should start its work early in the Institute year, which runs from June to June. Preferably, the promotional job should be done during August so that classes can begin in late September or early in October.

(4) Underwrite the committee's expenses.

(5) Publicize the Institute program in state association bulletins, with special emphasis on the study group plan.

## What Two States Have Done

The foregoing outline is based largely on the experience of Kansas and Minnesota, which have been notably successful in the formation of new study groups, and perhaps a blueprint of their plans and methods will be of interest to bankers and Institute members.

Soon after the war the executive secretary of the Kansas Bankers Association, Fred M. Bowman, revived an educational program that had proved to be a valuable practical service to the member banks. Servicemen returning to their jobs could use refresher courses, it seemed, and many would be interested

(CONTINUED ON PAGE 28)

Fred M. Bowman



Carl A. Bowman



## How to Organize a Study Group

*The Institute offers these pointers on how to organize a study group:*

First, get a good local chairman—one who will see that the group sticks to the job. The chairman should contact, either personally or by letter, all senior bankers in the area to be covered by the proposed group, telling them of his plans and inviting them and their staffs to a meeting at which the plans are to be discussed. It is particularly important that the senior bankers be asked to attend this session. If possible, make the meeting more attractive by arranging a luncheon or dinner.

At the meeting the chairman should outline his purpose, canvass opinion as to whether a study group should be formed, and then, if the decision is Yes, discuss an appropriate course of study. It is suggested that the courses be taken in the order outlined in the Institute catalogue: "Fundamentals of Banking," "Commercial Law," "Negotiable Instruments," and "Economics," unless prospective students have previously taken some of the courses.

The next step is the selection of the instructor. He must be the best man available, for the group's success depends upon his ability as a teacher. Enthusiasm is another important qualification. Also, he must be a man who has time to prepare his lectures. Generally, a senior banker is a satisfactory instructor for "Fundamentals of Banking"; for "Commercial Law" or "Negotiable Instruments" it's well to have an attorney.

Determining the instructor's salary is largely a local problem, but the amount may well approximate \$200 for each course. The fee is often prorated among the banks.

Next, choose the time the class is to meet and select a meeting place. A director's room in a local bank, or a school room, is usually available.

Plan a few social gatherings for the group. This creates goodwill, promotes fellowship—in short, pays real dividends.

As many of these steps as possible should be taken at the organization meeting. Otherwise, the group will encounter delays at the outset that will dampen enthusiasm and may lead to abandonment of the plan.





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(CONTINUED FROM PAGE 26)

in broadening their educational background for a banking career.

The Institute's program had an important, but not the only, role in the association's plans, which were placed in the hands of a competent Personnel Commission for development. Carl A. Bowman, secretary of the KBA, was assigned to direct the project.

Surveying the opportunities for service to bank people, the commission decided to emphasize a plan for increasing the number of A.I.B. study groups in Kansas. It was agreed to attempt the organization of new units on a county basis, and, to assure coordination, the commission named a council, composed of one representative from each county, charged with finding local leaders, making contacts, arranging organization meetings, and handling other details.

Through the efforts of the Personnel Commission, the council and Secretary Bowman, and with the cooperation of the association officers and members, the plan was a big success and 22 study groups were organized the first year. The plan has since been a major project of KBA.

WORD got around that Kansas had a sound program for enlarging the usefulness of the Institute. When Minnesota heard the story, John Carlander, president of that state's association last year, and Secretary Robert E. Pye got busy and formed the Minnesota Bankers Association A.I.B. Educational Committee. Christian Ries of the Minneapolis Federal Reserve Bank was made chairman. With these leaders as a nucleus, the Minnesota plan, based on the Kansas program but somewhat more localized, was drafted. The association agreed to support it financially.

One of the first steps was to select local leaders—younger men in rural areas who would assume responsibility and do an aggressive job. The next step was to bring these men to Minneapolis to go over the plans. Messrs. Carlander, Pye and Ries attended this meeting; Floyd W. Larson, national secretary of the Institute, who was in town that day, was there, too.

"We felt," recalls Mr. Ries, "that if 10 study groups could be organized we would have a very successful year. However, 16 were organized; and with a little more time and effort I believe we could have started 20."

Last May 20 the Minnesota A.I.B. Educational Committee and all the study group chairmen were the association's guests at an all-day gathering.



Above, left, John Carlander and R. E. Pye



Right, Christian Ries

Robert C. Rutherford, then assistant and now associate secretary of the Institute, was also present. The morning was given over to a discussion of plans for the year ahead, and a goal of 25 new groups was set.

After a luncheon the committee and the chairmen visited a Minneapolis manufacturing plant where everybody received several kitchen gadgets to take home. In the evening the men attended the annual banquet of Minneapolis Chapter, A.I.B.

Mr. Ries believes that the day's meeting and program were excellent incentives for further work.

The Minnesota committee, which now has 26 members, is convinced, after a year of experimentation, that the best results are obtained when each member is made responsible for a small area which he can cover thoroughly. Mr. Ries points out that although this means a larger committee, it also results in a more expeditious and effective completion of the job. It is also important that the committee meet not later than mid-Summer to outline the program and put the members to work so that the classes can start early in the Autumn.

J. L. C.

---

*Things that once brought disgrace now bring a movie, book or radio contract.*

With scientists constantly searching for substitutes we would like to suggest pine needles in place of wool.

*A man may be level-headed, but it's also important to know how low the level is.*

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## Statement of Condition

June 30, 1948

### Resources

Cash on Hand and Due from Banks . . . .	\$152,749,940.22
U. S. Government Securities . . . . .	177,375,279.29
State and Municipal Securities . . . . .	31,144,354.61
Other Bonds and Securities . . . . .	9,441,214.54
Loans and Discounts . . . . .	166,965,235.30
Federal Reserve Bank Stock . . . . .	600,000.00
Customers' Liability on Acceptances and Letters of Credit . . . . .	1,222,920.84
Accrued Interest and Other Resources . . . .	2,133,350.04
* Bank Premises . . . . .	1,352,962.64
<b>Total . . . . .</b>	<b>\$542,985,257.48</b>

### Liabilities

Capital . . . . .	\$ 8,000,000.00	
Surplus . . . . .	12,000,000.00	
Undivided Profits . . . . .	6,494,712.50	\$ 26,494,712.50
General Contingency Reserve . . . . .		6,792,863.16
Reserve for Taxes, Interest, Etc. . . . .		2,788,221.35
Dividend Payable July 1, 1948 . . . . .		240,000.00
Acceptances and Letters of Credit . . . . .		1,222,920.84
Demand Deposits . . . . .	\$457,855,145.91	
Time Deposits . . . . .	47,591,393.72	505,446,539.63
<b>Total . . . . .</b>		<b>\$542,985,257.48</b>

United States Government Obligations and Other Securities carried at \$54,684,204.00 are pledged to secure Public and Trust Deposits and for other purposes as required or permitted by law.

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# How Missouri Equalizes Bank Taxes

ROBERT NEILL, JR.

*The author, a member of the Missouri Bar, is a member of the firm of Thompson, Mitchell, Thompson & Young, St. Louis.*

IN 1872 Missouri adopted, as the procedure for taxing both state and national banks, the method which Congress, in 1868 by the enactment of 15 Statutes p. 34, permitted the states to use in taxing national banks, that is, taxation of the shares which were assessed to the bank which paid the tax for the account of the shareholders. (See Laws of Missouri 1871-72 pp. 90-91.) This was the method in vogue pursuant to Sections 10959 and 10960 R. S. Mo. 1939 when the 1945 Constitution of Missouri became effective on March 30, 1945. Under this old system the tax was on the shares based on a valuation of the personal property of the bank and it was recognized as in fact being a tax on the personal property of the bank based on its taxable value. (See *State ex rel Campbell v. Brinkop*, 238 Mo. 298 (1911) 143 S. W. 444, l.c. 446.)

With respect to taxation, the 1945 Constitution of Missouri provided that intangible personal property might be taxed but that the base of the tax should be its "yield" (as compared with its "value") and that the rate of tax might not exceed 8 percent of the yield.

(See Section 4 of Article X, 1945 Constitution of Missouri.) Thus the old system of taxing banks by taxing the shares based on their value was outlawed by the new constitution. It was apparent that a tax on the shares measured by yield (as compared with value) with a rate of tax not to exceed 8 percent of the yield would not produce the amount of revenue which fairly should be produced from taxation of banks. These factors together with the object and desire to keep both state and national banks on an equal basis taxwise necessarily limited the field from which a method of taxing banks might be selected to the remaining choices available under Section 5219 (12 U.S.C.A. Sec. 548).

The general assembly of Missouri, with which the Missouri Bankers Association, acting through its officers, committees and counsel, cooperated, promptly determined that computations based on the "excise tax measured by net income with gross income including income from tax exempt sources" (being method number 4 permitted by Section 5219) should be the new method of taxing banks in Missouri. Consequently, the Bank Tax Act of 1946 as found in Laws of Missouri 1945 page 1921 was passed and became law upon approval by the Governor of Missouri on April 23, 1946, though by its terms

it was not operative until July 1, 1946.

This act subjects every state and national bank in Missouri to an annual tax measured by its net income with a fixed tax rate of 7 percent of such net income. (This rate was thought to be the highest rate which might be applied to a national bank in Missouri under the decision in *Tradesmen's National Bank v. Oklahoma Tax Commission*, 309 U. S. 560 (1940) 84 L. Ed. 947.) The act defines gross income, specifies deductions and defines net income as gross income minus deductions. As permitted under decisions of the U. S. Supreme Court gross income includes interest derived from, and gains received on, government bonds.

In order not to discriminate against state chartered institutions the act included subsection E of Section 3, reading as follows:

"E. Each taxpayer shall be entitled to credits against the tax imposed by this Act for all taxes paid to the State of Missouri or any political subdivision thereof during the relevant income period, other than taxes on real estate, contributions paid pursuant to the Unemployment Compensation Tax Law of Missouri, and taxes imposed by this Act, except that no credit shall be allowed for any tax paid by any such taxpayer in the year 1945 for its share holders based upon the value of its shares."

(CONTINUED ON PAGE 134)

The Missouri Capitol, Jefferson City





# Crane's.....the Mark of the craftsman in fine papers

Many of our early American cutlery works were manned by craftsmen from Sheffield, England, who brought with them the skill and devotion to fine work that had made Sheffield knives, or "whittles," the standard of excellence. As evidence of their pride in the blades they forged and tempered, they stamped them with name and mark.

It was a proud moment for Zenas Crane when, after years of apprenticeship to his brother Stephen, he put his watermark in paper of his making. That pride still pertains in the Crane mills where paper is made today, as it was in 1801, from cotton and linen fibres only, the choicest, most enduring materials known to the paper-maker. This pride of making is imparted to the using of Crane's Papers, for the excellence of every sheet carries its message of quality and distinction. We suggest you look for the mark of Crane when next you buy paper for personal, social, or business needs.

Crane's

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AND COOLING COSTS?**

International Van Kannel Revolving Doors provide savings in heating and cooling up to 25% . . . in many instances more.

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INCREASE OR DECREASE  
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International Van Kannel Revolving Doors, by eliminating drafts and controlling warm air loss, allow counters and work areas right up to the door itself, thereby materially increasing "pay" space in the building.

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balanced. High winds do not affect their efficient air-seal, which keeps out dust and disagreeable outside noise.

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The final judging of entries in the Beaux-Arts small bank plan contest

## 500 Bank Building Plans

JOHN J. McCANN

*A design for a small bank was the subject of a recently completed contest for architecture students sponsored by the Beaux-Arts Institute. The judging took place late in June at the Chicago Undergraduate Division of the University of Illinois, situated on the Navy Pier on Chicago's lakefront (see BANKING for July, page 63). More than 500 drawings were submitted by students of architecture in schools throughout the country.*

*A description of some of the successful entries appears on the pages that follow.*

*The author is on the staff of BANKING, in the Chicago office of the American Bankers Association.*

RUSKIN, writing on architecture, reduced the requirements of a building to two kinds of goodness: first, that it perform its practical duties well; then that it be graceful and pleasing in doing so. As prospective buyers of new business property, or renovators of obsolete quarters, it may be well to crystalize our objective to this point of view.

But, having set the objective, it is none too easy to solve the problem, for our ideas on practical and functional layout vary with each institution; and, as for housing our shop, we can be as conservative as the late George Apley's counting house, or as futuristic as structural dynamics will allow. Whether our taste belongs to the last century or the next matters little, except that our choice of architectural style—whatever it may be—fixes the physical appearance of our

institution for another generation or more. In that respect, our judgment should be tempered as much by future influences as present trends.

We've observed before the great strides made, in bank architecture since someone conceived the notion that Greek, Gothic or Byzantine furbishing adds nothing to the character of banking but construction costs. We've taken, editorially, a good look at the *New Look* in bank housing from the adaptation of colonial design to the latest wrinkle in stylized Quonset huts, and found there is no extreme which does not have its practical merits.

What we've observed marks a definite trend toward better banking from every point of view: efficiency, service, convenience, public reaction. But progress can't be measured by current trends alone; the evolution in bank design is accelerated by an open-minded interest in radical innovations.

To the architect student, squinting at his board, there is a totally different type of banking structure emerging in the future—one, five, ten years from now. The student, taking liberties with his talents in an open competition of design, is not handicapped by the necessity of compromising with a buyer's whims; he can give expression to his own ideas. And, it is unwise to deny the potential influence he may exercise in our field in the future.

To walk through an exhibition hall of several hundred student designs for a small bank may, at first blush, convince

you that the style and treatment are too rich and radical. With a little study, you find merit popping out all over.

Such a display was launched by the University of Chicago at Navy Pier a few weeks ago. The drawings represented the pick of the crop submitted by architectural students from a dozen leading universities competing for the annual Kenneth M. Murchison Prize, sponsored by the Beaux-Arts Institute of Design. Mr. Murchison, a well known architect and former vice-president of the Central Savings Bank of New York City, was a frequent contributor to **BANKING** prior to his death some 10 years ago.

### Contest Requirements

This year's competition focused on the problem of housing a small bank serving a community of 60,000 population, with specific personnel requirements, and located on a corner lot 50 x 120 feet. Some 25 Chicago architects judged the entries. The trim freshness of design, the lavish use of color, novel arrangements of layout, and wide variety of new ideas impressed both the seasoned judges and the group of more than 100 local bankers who viewed the exhibit as guests.

The student, no longer satisfied with the purely technical

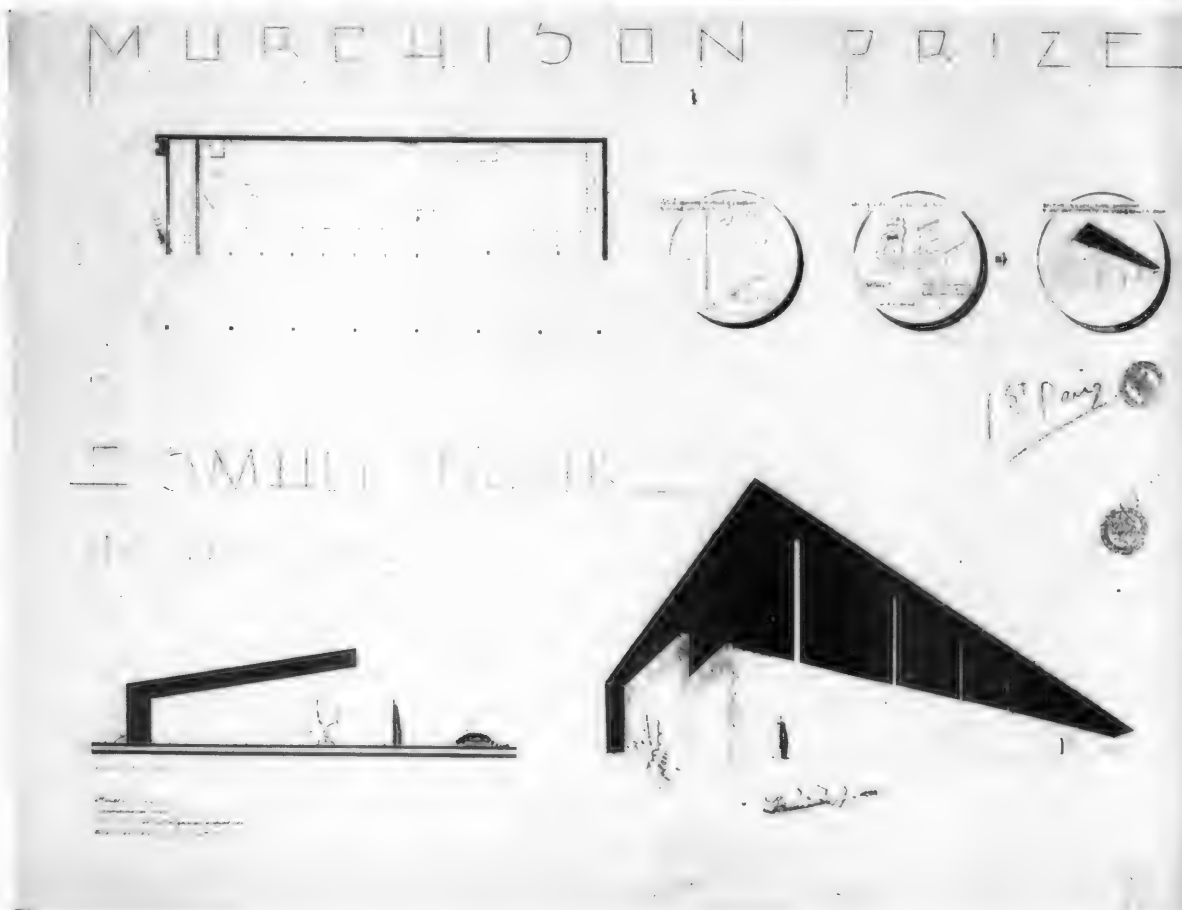
aspects of architecture, strives to develop artistic solutions. The trend in the exhibit pointed emphasis on use of natural materials—native stone, wood, marble—adding where needed synthetic and fabricated building materials. The result achieves simplicity without affectation of any kind. This is a distinct contrast from the mechanical approach which frequently tends to be over-embellished to hide its bald and dull appeal to the eye.

### Originality in First Prize-Winner

The prize-winning entry by Richard E. Nevara, of the University of Illinois (Navy Pier), scored many points on



*Below, design for a small bank in Arizona, winner of the first prize. Unfortunately the lines of the drawing are indistinct in reproduction. Right, Richard E. Nevara, sophomore at the University of Illinois, and designer of the prize winning bank plans, receives the congratulations of Chicago Building Commissioner Roy T. Christensen (left) and Harmon H. Goldstone (center), New York architect*





originality of approach. Qualifying his project as applying to Arizona, or other dry, warm climate, this entry adopts the solar principle of design, and features what amounts to open-air banking. The public section, facing the street, is 100 per cent glazed. The glass panels slide in sections behind stationary panels, giving free access to the lobby by creating several entrances. As a protective feature, the tellers' section is housed behind a ceiling-high glass partition. This section, plus the work area directly in the rear is treated as a separate operating unit. The conference room and president's office are enclosed by the building wall and partitions on three sides, the front being covered with sliding drapes. The layout illustrates a separate customer's staircase leading to safe deposit vaults in the basement, and another leading from the work area for bank use exclusively. The customer's entrance is independent of the main banking room.

After business hours, the electrically controlled glazed panels are shifted back into position, and the sliding curtain shown at the right of the entrance slides the full length of the banking room, completely obscuring the whole area with the exception of the public space.

While the exterior design seems quite severe, some relief is introduced with floral plantings along the solid wall and on the corner. The simplicity of this design is believed to shave construction costs considerably.

### **Second Prize-Winner More Conventional**

The more conventional second prize-winning entry by Marvin E. Goody of the University of Pennsylvania incorporated several features of special note. Setting the executive office and conference rooms in a separate low-roofed wing, the plan suggests the possibilities of dramatizing the bank entrance with a park-like area of trees and shrubs. The main banking room takes full advantage of natural lighting, favoring the working areas particularly. With the executive wing permitting a false story window in the front, the banking room is more than two-thirds glazed on exposed walls.

The U-shaped counter arrangement of the lobby provides an efficient operating unit for officers and tellers, lined along opposite sides, with the accounting and machine departments behind a partition in the rear. As in most entries, this project featured the so-called "friendly type" counters. To compensate for lack of natural lighting in the public area, the plan calls for a skylight above the officers' section, and spotlights over the public space. In this case, as in all others, artificial lighting is concealed, with no fixtures exposed.

The J. D. Forsgren project adapts a recessed entrance, using the exposed wing for the president's office. The floor plan concentrates the officers' section in the forward part of the bank, and suggests a break in the tellers' line-up providing three windows for savings and the balance for commercial transactions. The layout proposes a customers' lounge area—a welcomed feature which is frequently sacrificed because of cramped quarters. The layout also suggests a practical location for the staircase leading to the vaults, which takes a minimum of precious lobby area. The stairway leads down behind the stone walled corner.

Another typical project, awarded honorable mention, shows how University of Pennsylvania student E. S. Carr would employ an irregular lobby arrangement. This project also uses a slightly recessed entrance with a small floral plot controlling two-way entrance traffic. The straight-line tellers' section suggests a counter-high ledge with a minimum enclosure.

This project also favors a separate outside public entrance to the downstairs vaults, independent of the main bank room entrance. The conference rooms and president's office in the rear, as well as one side of the working area, face a glazed patio. With such an arrangement the work areas of the bank are distinctly divided and separated from each other. As the plan indicates, the bookkeeping and accounting departments have three sides facing the natural light. The ceiling features recessed indirect artificial lighting, and this is generally indicated as being fluorescent.

### **Interiors Are Easily Adaptable**

While the exterior design of these buildings may suggest extreme severity in architectural treatment, it has been pointed out that the interior layouts may be readily adapted to more conventional buildings. In fact, one observer saw possibilities of using most interior designs in the low-priced Quonset style buildings.

The all-important note which these illustrations may fail to convey is the unlimited possibilities of warming up the atmosphere of these proposed designs with the use of color. Color tends to soften the effect of extreme design.

### **Wide Interest in the Project**

The opportunity to compete in the Beaux-Arts contest for the Murchison prize was open to students of architecture throughout the country. Of wide interest in the current boom in bank building and remodeling, this requirement for a design for a small bank was assigned to students as part of their regular classroom work.

The jury of 25 Chicago architects examined the 500 entries that had reached the finals in the contest. These 500 were winners in local contests to which a far greater number of designs had been submitted.

A special showing of 200 of the best designs was placed on view at the conclusion of the prize awards.

### **First-Hand Experience**

In each of the four months of September, October, November and December, **BANKING** plans to present one case study of an actual experience of a bank with its remodeling operations. These studies will include a country bank, a city bank, a savings bank and a "community" bank, such as a suburban institution. There will be a number of other articles on various phases of bank building problems, most of them based on the several hundred answers to a questionnaire sent to a list of banks which have built or remodeled in the past few years.

On the next page are four pictures of remodeled banks which will be discussed in the course of this series.



## Bank Buildings

(continued)

ON these pages are views of four banking institutions that have, within the recent past, undergone the experience of making blueprints come to life in steel, concrete, lighting, soundproofing and the varied elements that combine to make the present-day, up-to-date structure a complicated piece of engineering.

Several hundred such banks submitted data to BANKING in a recent survey. This valuable material will be made available to readers in September, October, November and December. (See panel, page 35.)

*Above, branch of the First Security Bank of Idaho, Boise; below, branch of the Peoples National Bank of Washington, Seattle*



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*Above, office of the Peoples First National Bank & Trust Company, Pittsburgh; below, lobby of the American Trust Company, South Bend, Indiana*



# Outline of a Banking Course

**I**t's all very, very practical," wrote Belle Hamilton regarding the outline here presented for a high school course in banking. "This is a 'grass-roots' course—no history of banking or story about Phoenician invention of money or the old Romans and their benches."

In the June issue of *BANKING*, there was an article by Mrs. Hamilton entitled "The Cashier Started Teaching." Because of the interest it aroused, we publish here an outline of the course

that Cashier Rast of the First National Bank of Leesburg, Florida, used in teaching the mathematics class of the local high school. "I'll bet not one of those 60 kids ever forgets how to write a check," was the author's estimate of the class in her letter to this magazine.

Below, on this page, are also shown a true-false examination, a short quiz and a practical test involving the use of checks, a deposit slip and a payroll slip.

*Circle "T" if the following statements are true and circle "F" if false*

- |   |  |
|---|--|
| T F 1. The First National Bank of Leesburg is a state bank.   | T F 13. Anyone wishing to know his bank balance may telephone the bank for the information.  |
| T F 2. A deposit can only be made during regular banking hours.   | T F 14. One of the latest trends in banking is private offices for every officer to interview his customers.   |
| T F 3. Only one person may use a safe deposit box.  | T F 15. Modern bank vaults can be equipped with a safety device enabling a shut-in to secure ventilation, food and converse with anyone outside the vault. |
| T F 4. One person can make a deposit for another person.  | T F 16. Bank vault doors are equipped with time clocks so that vaults may be locked for specified numbers of hours.  |
| T F 5. Many banks have night depositories in which customers may make after-hour deposits.  | T F 17. Banks are examined periodically by bank examiners.   |
| T F 6. A night depository is a convenient and safe device for banking customers.  | T F 18. Banks coin money and issue currency.   |
| T F 7. Banks have a pass key which enables them to enter <i>any</i> customer's safe deposit box.  | T F 19. Most banks do not want new checking accounts.  |
| T F 8. Safe deposit boxes are not very practical because the keys often become jammed and the boxes cannot be opened.                   | T F 20. It is impossible to make deposits in banks by mail.  |
| T F 9. If anyone gets locked in a bank vault, it means certain death.   | T F 21. It is <i>very</i> important to write checks carefully.   |
| T F 10. Safe deposit boxes are convenient because mothers can send their children to enter their boxes on their way to and from school. | T F 22. If you do not have enough money in your account, banks will honor your check by paying the account overdrawn and carry the overdraft indefinitely. |
| T F 11. If a safe deposit box gets too full, the bank will gladly take care of the overflow without any charge.                         | T F 23. Most banks pay interest on checking accounts.  |
| T F 12. Bank employees only have to work during regular banking hours, such as 9 A.M. to 3 P.M.   | T F 24. It is important to have a good credit rating at the bank.  |

*Please fill in the proper word in the following statements*

- |  |  |
|--|--|
| 1. In order to conserve space and keep a record, checks are _____. | 5. There are _____ major services offered by banks.  |
| 2. You have learned about _____ kinds of banks.                    | 6. Your banking affairs are kept as strictly _____ as a visit with your doctor.  |
| 3. They are _____, commercial banks, _____ and trust companies.    | (Answers to be filled in above blank spaces: (1) photographed; (2) five; (3) savings, industrial, Federal Reserve banks; (4) banks; (5) five; (6) confidential.) |
| 4. Federal Reserve Banks are banks for _____.                      |  |
- 
- |   |   |
|---|---|
| 1. Complete the attached check in the amount of \$501.47. Sign your own name and make it payable to anyone. | including a \$7.50 check on the First National Bank of Gainesville, \$125.67 on the Ocala National Bank, \$250.27 on The Guaranty Trust Co. of New York City, and \$326.00 in currency. |
| 2. Endorse the check for <i>deposit</i> .   |   |
| 3. Complete the attached check in the amount of \$300.22. Sign your own name and make it payable to anyone. | 6. Each of 5 employees earned respectively \$40.25, \$37.52, \$48.93, \$26.10 and \$83.09. Make out a payroll slip and complete check to cover payroll.                                 |
| 4. Endorse the check for <i>cash</i> .  |   |
| 5. Complete the attached deposit slip for problem No. 1,  |   |



# for High School Students

## GENERAL METHOD

Several class lessons on each topic, preceding and following visits to the bank, until class lessons and understanding gained from personal observation are correlated in the minds of the students.

## COURSE OF STUDY (CLASS)

### I. The Check

#### A. Importance of writing checks correctly

##### 1. Common errors warned against

- a. Stale dates
- b. Differing of words and figures
- c. Discrepancy of signature on check with that filed with bank

#### B. Class practice in writing checks

#### C. Blackboard demonstrations

#### D. Correctly written checks are saved and accumulated for later use in other class lessons, in making deposits and "opening accounts"

### II. Deposit Tickets

#### A. Listing of currency, coin and checks

#### B. Correct sorting of currency and wrapping of coin

#### C. Recording checks on ticket

#### D. Proper endorsement

1. Endorsement for deposit
2. Endorsement for cash
3. Restricted and unrestricted endorsement
4. Checks payable to "Cash"

#### E. Class practice in making out deposit tickets and endorsing checks

#### F. Blackboard demonstrations

### III. Making up payrolls

#### A. Problems given to the class

#### B. Blackboard demonstration

### IV. Opening an account with the bank

#### A. Types of accounts explained—checking, saving

#### B. Kinds of accounts—individual, joint, partnership, corporation

#### C. Class practice on signature cards, information blank, passbook, receipts to customer

#### D. Importance of satisfactory introduction or bank references of stranger opening an account

## VISIT TO THE BANK

### I. Use of lobby desks explained

### II. Visits at tellers' windows

#### A. Teller's duties explained

#### B. Teller's equipment demonstrated

#### C. Handling of checks and vouchers by tellers

### III. Opening of account with bank

#### A. One pupil chosen to open account

1. Practical experience with same forms used previously in class
2. New "customer" presented with a savings account passbook with small opening deposit credited, as souvenir

### IV. Money and how the bank protects it

#### A. Inspection of the vault—its doors, time lock, operation

#### B. Safety device for accidental shut-ins and its operation

#### C. Safety deposit boxes—their use

1. Rules governing rental
2. Admission to boxes
3. Contracts and cost

#### D. Burglar alarm

#### E. Mutilated money—its segregation and shipping for final destruction

#### F. Operation of coin counting and wrapping machines

## CLASS LESSONS

### I. Discussion of visit to bank

### II. Correlation of observations with previous lessons

### III. Study of money

#### A. Bureau of Printing and Engraving

#### B. Counterfeit money

#### C. Dangers of theft and burglary and methods of counteracting them

1. The strong vault with time lock
2. Burglary insurance
3. Bonding of employees
4. FDIC insurance

## IV. Bank bookkeeping

### A. Proof department—receipt of checks and vouchers from tellers

#### 1. Machine endorsement and sorting

- a. Checks "on us" and deposit tickets to bookkeepers
- b. "Foreign" checks and their handling
- c. Photography of checks and vouchers
- d. Posting to the ledgers
- e. What the bookkeeper must watch for
- f. Reasons for turning down checks
- g. How the ledgers are balanced
- h. Cancellation and filing of cancelled checks
- i. Making up the monthly statement
- j. Operation of bookkeeping machines
- k. Service charges—their computation and assessment

## VISIT TO THE BANK

### I. All of the procedure mentioned above demonstrated to the students, from the proof machine to check's cancellation and filing, ready to be mailed with statement. Calculation of service charges on calculating machine explained and demonstrated

## CLASS LESSONS

### I. Discussion of visit to the bank

### II. Review of previous lessons and correlation with observations

### III. Questions answered

### IV. Quiz tests and "true and false" tests given

### V. Bank loans

#### A. Different kinds of notes

1. Collateral
2. Open
3. Notes secured by endorsement
4. Demand notes
5. Instalment loans

#### B. Interest

#### C. How to make out a note

1. Class practice in making out notes
2. Blackboard demonstration
3. Members of class make visit to bank to apply for mock loan

## VISIT TO THE BANK

### I. Class visits loan department

### II. One member chosen to make application for loan

#### A. Financial statement prepared

#### B. Consultation with loan officer, "note" signed

#### C. Full procedure demonstrated as with bona fide customer

### III. Inspection of loan department procedure

#### A. Method of recording notes

#### B. Method of "keeping up" with payments due

#### C. Various forms used

#### D. Special machines and files

### IV. Visits to offices of the various bank officers

#### A. Each made short talk and welcomed the students

## CLASS LESSONS

### I. Discussion of visit to loan department

### II. Question and answer period

### III. Correlation of observations made at bank with previous studies

## VISIT TO THE BANK

### I. Collection department

### II. Cashier's checks, certified checks, travelers' checks, etc.

### III. Mailing department—machinery demonstrated

### IV. Filing department—methods used

## OVER-ALL STUDY OF BANKING SYSTEM

### I. Kinds of banks

#### A. Commercial

#### B. Savings

#### C. Industrial

#### D. Trust companies

#### E. Federal Reserve System

## DIPLOMAS

Given at Commencement time "for satisfactory completion of Six months' Course in Banking."



It seems that BANKING'S round-the-bank-trouble shooter, Howie Duzzit, is normal in one respect anyway — he wants a vacation. "Set me up as a bank president for the month of August," said Howie "where I can take it easy, catch up on my reading." In appreciation of services rendered we grant his request. And remember, Mr. Duzzit, you asked for it.

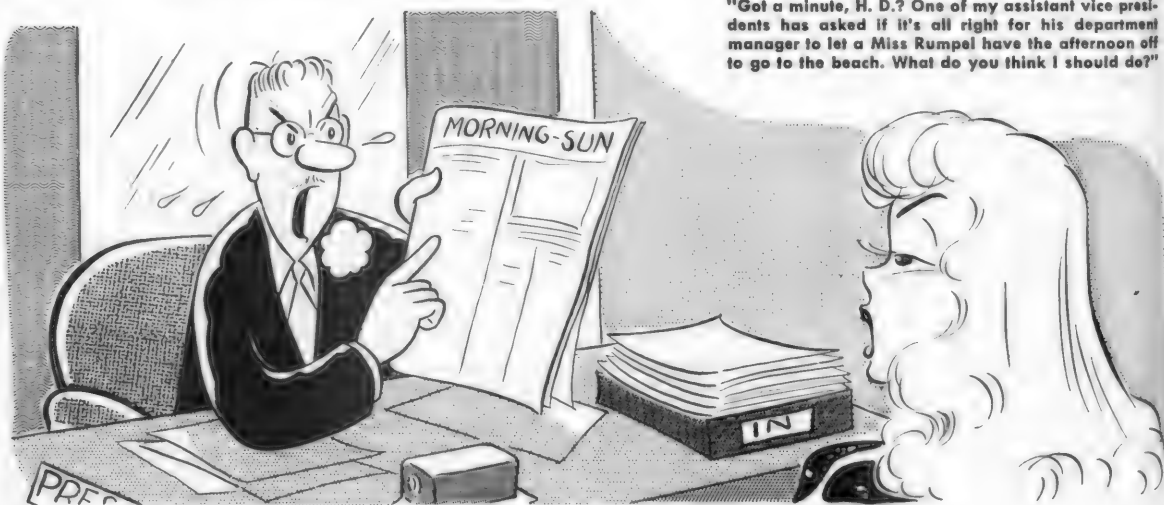
By BANKING'S Staff and Dick Ericson



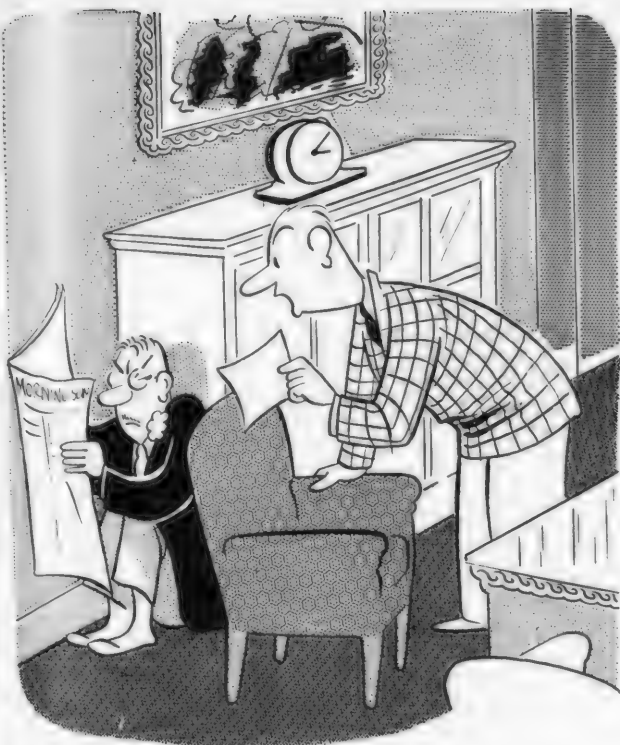
"Good morning, Mr. Duzzit, here's a start on the morning mail. This basket contains requests for contributions and the rest is minor complaints from small accounts"



"Got a minute, H. D.? One of my assistant vice presidents has asked if it's all right for his department manager to let a Miss Rumpel have the afternoon off to go to the beach. What do you think I should do?"



"You're sorry to INTERRUPT my reading to tell me I'm due at a directors' meeting? I haven't read ONE measly little headline all day! I!"



"Got a wire, sir, from somebody named Joe who wants us to wire him \$1,000 but he doesn't give any address. And by the way, our bookkeeping machines have worn out!"



"I work as hard as Falloon and I don't see why he should make more than I do—and as for promotions, well, I think I should, yatata, yatata . . ."



"Home, Mr. Duzzit? But you're scheduled to attend a dinner tonight. You have a dinner every night this week"



DICK TRACY

"I hate myself !!!"

# All Sorts of Ways to Build Bank Displays

MARY B. LEACH

**A**BANK'S own history is often a gold mine of advertising ideas, particularly for window and lobby displays. Hundreds of banks across the country have on their very doorsteps invaluable ancestral and local color material which they are weaving into their advertising and promotional displays in such a way as to build incalculable community goodwill and, at the same time, keep their budgetary commitments at a minimum.

The Bank for Savings in the City of New York, which is New York State's oldest and holder of the fifth mutual savings bank charter in the United States, is an example of this.

In this Summer of 1948, while New York City celebrates its Golden Jubilee, The Bank for Savings marks its 129th birthday. The bank is mighty proud of its heritage and it never loses an opportunity to tell about it through its lobby, window, billboard, newspaper, direct mail, and other advertising and public relations activities.

Both of The Bank for Savings' uptown offices—at 72nd and Third Avenue and at 86th Street and Broadway—are located at exceptionally busy intersections, and have several large windows that give the bank unusually fine media for displaying its advertising message.

Two colorful and artistically arranged midsummer window exhibits at the 72nd Street office link the 129th birthday of the bank with the city's Golden Jubilee. A great many of the men who have had a prominent part in making New York the great metropolitan center that it is had a hand in founding or managing The Bank for Savings.

DeWitt Clinton, who was several times mayor of New York City, the unsuccessful opponent of President James Madison in 1816, and one of the original organizing directors of the bank in 1816, as governor signed on March 26, 1819, a special legislative act chartering the bank. In addition, five of the other mayors of the city were connected with the



COURTESY JAMES MCCREERY & CO.

Home furnishings thrift accounts were featured by The Bank for Savings during its furnishings and decorating display, above

bank, including Philip Hone. Mr. Hone was mayor in 1826 and connected with the bank as vice-president and president from 1823 to 1851. One of the window panels at 72nd Street features photographs of the six mayors and scenes of the city during the Clinton era, while the other is built around the career of Mr. Hone and the city as it was in his day.

The John S. Thorne account, opened at the bank with a \$10 deposit on August 16, 1819, and to which a \$5 deposit was added the following Summer, still remains open on the books of the bank. It continued in the possession of the Thorne heirs until 1931, when the bank took over the account by assignment. With compound interest the account has grown to \$4,278.16, and it is one of the bank's most valuable advertising assets. During the Golden Jubilee celebration it is being featured in a window display at the 86th Street office.

Another historical window display which aroused favorable public comment was one obtained from the Baltimore and Ohio Railroad. The B & O started operations about 10 years after the founding of The Bank for Savings. The display included models of early trains, a fare poster, a placard advertising a 1900 excursion to Atlantic City, a poster showing a modern streamliner, and a replica of the first railroad station in the United States, located at what was then known as Relay, now a part of Baltimore, Maryland. The bank tied into this display with a streamer advertising its vacation travel club and with a placard reading:

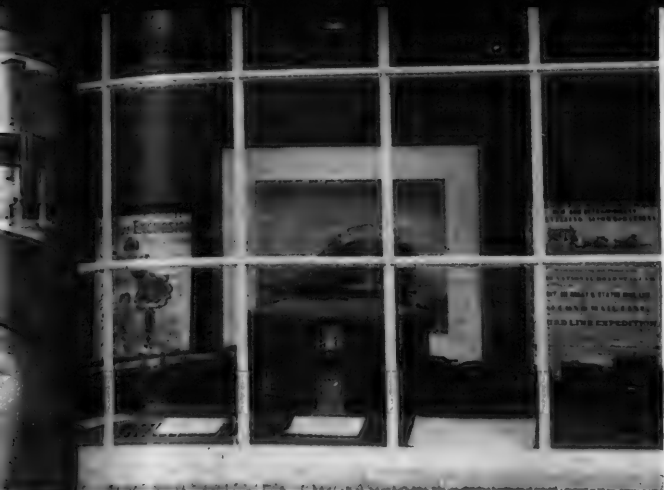
*"The 1820's was a time of great progress. At its beginning*

The bank's 129th birthday is connected with the city's Golden Jubilee in the window display, left, at the 72nd Street office, which features DeWitt Clinton and five other city mayors who were connected with the bank. The display at right is built around Philip Hone, one of New York's most illustrious mayors, who was vice-president and later president of the bank

WEZMAN AND LESTER







WEIMAN & LESTER

The bank's history is tied in with that of the Baltimore & Ohio Railroad in the exhibit at left promoting travel savings accounts. A replica of the first railroad station in the U. S. is in foreground. The *New York Herald Tribune's* Fresh Air Fund is featured in the community showcase, right, and community window at the 72nd Street office. Poster frames on wall match blond mahogany interior trim

*The Bank for Savings, New York's first mutual savings bank, provided new facilities for the thrifty and at the end of the decade the Baltimore and Ohio Railroad provided better transportation for travelers."*

While not overdoing it, the bank takes advantage of every opportunity to feature its historical background. The New York Historical Society and the Museum of the City of New York provide a bountiful supply of old prints and other historical data which may be intermingled with whatever the bank may have of its own for use in various kinds of promotional displays.

Ann Flaherty, who handles the bank's advertising and promotion under the general supervision of Rowland R. McElvare, senior executive vice-president, first plans her historical exhibits and then goes to these agencies with a schedule of the material she would like to obtain. And then she digs out as much of it as possible herself, which keeps her in the good graces of the curators and librarians.

Although the bank's advertising and public relations promotion places great emphasis on its history, the bank uses a wide variety of other lobby, window and showcase displays and suspended glass signs to feature its services and identify itself with the communities it serves.

Good examples of this are the "community windows" set aside at each of the uptown offices for publicizing the activities and accomplishments of various civic, philanthropic, historical, cultural, educational and religious organizations.

A lobby showcase at the 72nd Street office complements the window in boosting the work of these groups. The Lenox Hill Neighborhood House, the New York Historical Society, *The New York Herald Tribune's* Fresh Air Fund, the Hayden Planetarium, the St. James Protestant Episcopal Church, the Community Nursing Service, the New York Public Library, and the Girl and Boy Scouts are only a few of the many community window exhibitors, some of which return year after year.

Marjory Todd, new account representative of the bank, developed the community display idea at 72nd Street five years ago and continues to direct this activity.

On either side of the entrance at the main office at Fourth Avenue and 22nd Street are small glass-enclosed display cases where the bank tells simple stories of its varied services and invites the public to come into the lobby to use its services or to view its attractive displays. Three decorative, built-in (recessed) display cases adorn the main office lobby. They are used for posters or other small exhibits, such as coin banks and old currency. At all three offices, the bank uses attractive wall frames to display posters featuring bank services. Posters are also shown in the uptown office windows in easel frames. These frames are made by the bank's own carpenters; they are inexpensive, and are finished to match the interior trim of the lobbies. They take 24 x 32-inch posters, which are interchangeable as between offices. In a pinch, of course, smaller posters may be substituted.

Lucille Rapp, left, with her prize winning portrait in the Washington Irving High School art exhibit in The Bank for Savings main office lobby show. Mannequins, right, used in the bank's "Make It Yourself" home sewing clinic, created a furore at the display shop when it was discovered delivery was made to a bank. Savings, inflation and War Bonds were tied in





A recessed poster display case in the main office lobby, *left*. Miss Flaherty, *center*, completes a simple outdoor exhibit in a small case at the bank's entrance calling attention to the lobby travel show. The travelers' check window card, *right*, has a triple purpose—it associates the 86th Street office with the main office, it sells a service and it publicizes the travel show

Although the bank uses a good many posters designed by the American Bankers Association and likes them, as a rule it creates its own designs to meet the need of the hour.

Lobby exhibits, which have included travel shows, home sewing clinics, home decorating and furnishings displays, art, handicraft and hobby shows, are the most colorful activities of the bank. These exhibits are selected with a view to featuring specific bank services in connection with the exhibits or the creation of community goodwill.

As a solution to the apparel shortage in the early part of 1946, to emphasize thrift accounts and to stem mounting inflation dangers, the bank conducted a "Make It Yourself" clinic in display rooms adjoining the main office lobby, now used for offices. Varied aspects of home dressmaking, including redesigning of outmoded garments and glamour apparel, and home decorating were stressed. Pattern, sewing supplies and equipment manufacturers, and the home decorating department of a large New York department store cooperated in staging the clinic. For weeks after it closed, the bank received telephone calls from people asking for pattern numbers and other information.

Aghast at the idea of a bank's using mannequins, the truckmen delivering supplies for the "Make It Yourself" clinic reported back to the display house that a mistake must have been made. The incredulous proprietor made a quick dash to the bank to find out whatever had happened that a bank was ordering mannequins.

During the recent extreme scarcity of living space, the bank again demonstrated its desire to serve the community in a practical way with its exhibits, at the main office, of two-purpose rooms. Working with leading decorators during each exhibit, a series of attractive, spacious rooms was designed and furnished for public exhibition in the old brownstone residence adjoining the lobby. These exhibitions were not only exciting examples of adaptable, space-saving ideas, but were also an inspiration to save through the bank's home furnishings club toward a tangible goal that promised greater comfort in everyday living. People came from far and wide—people who had never heard of the bank until they read about the exhibits in the daily newspapers—to get ideas.

Mr. McElvare found a Negro very seriously contemplating some shadow boxes used for decorative purposes. When he asked the visitor if he had found anything in the exhibit that would be helpful to him, he answered by saying that he would like very much to build some shadow boxes in his new home, but he was sure he was not equal to the carpentry involved. Mr. McElvare explained the very simple process which the bank's carpenters used in building the shadow boxes and the man went away happy.

Each Spring the Washington Irving High School holds a display of the students' art work in the main office lobby of The Bank for Savings. These arouse a great deal of community interest and bring whole families to the bank who

(CONTINUED ON PAGE 138)

This quaint country scene in Ireland, *left*, is near the main office entrance and is an excellent introduction to the current travel show at The Bank for Savings. The bank's permanent, awning striped exhibit booth used to publicize various lobby exhibits and related bank services is shown at *right*. The New Jersey State Council's travel show quiz exhibit is at *right*



# Federal Liens on Bank Deposits

D. J. NEEDHAM

Mr. NEEDHAM is general counsel of the American Bankers Association. His headquarters is in Washington, D. C.

THERE is confusion in the minds of bankers and representatives of the Bureau of Internal Revenue concerning the liability of banks in federal tax claims affecting deposit accounts of delinquent taxpayers. This article does not attempt to decide these problems, but rather to bring them to the attention of bankers, along with the available information on the subject.

The usual procedure of the Federal Government in collecting taxes is as follows: The Collector receives an assessment list. He then notifies the taxpayer and demands payment. If the taxpayer does not pay the assessment within 10 days, a lien for this tax arises as of the date the Collector received the list, and the Collector then files notice of the lien as provided in the state statute. He can then "seize in distraint" any property of the taxpayer, and this is a levy on such property. It is at this time that he serves on the bank notice of the levy and the warrant of distraint.

## General Tax Lien Provisions

Because of the confusion surrounding this question of federal tax liens, it should be helpful to review briefly some of the more pertinent statutes, cases and Commissioner's rulings on this subject. The discussion here is directed to the general tax lien arising after a taxpayer's failure to pay his income tax, and not to tax liens such as estate and gift tax liens which attach to the property of a decedent or donor at the time of death or of gift. However, the rules governing the bank's liability for making payments out of bank accounts to which estate and gift tax liens have attached are probably essentially the same as those related to general income tax liens.

Section 3670 of the Internal Revenue Code provides that if any person fails to pay a tax after demand, the amount shall be a lien against all of the delinquent taxpayer's property and rights to property, whether real or personal.

Section 3671 of the Internal Revenue Code states that the lien shall arise at the time the Collector receives the assessment list and continue until the liability is satisfied or held unenforceable due to the time element.

In *Mackenzie v. U. S.* (1940) 109F(2d) 540 and in other cases the courts have held that a federal tax lien attaches to the bank account of a delinquent taxpayer. However, as far as we know, no case has arisen establishing any liability on a bank for payments made from an account prior to levy.

Section 3710 provides that any person in possession of a taxpayer's property upon which a levy has been made shall upon demand surrender such property, and if he fails to deliver the property he shall be liable to the United States for the value of the property. His liability, however, shall not exceed "the amount of the taxes (including penalties

and interest) for the collection of which such levy has been made together with costs and interest from the date of such levy."

C. M. Charest, general counsel of the Bureau of Internal Revenue, rendered an opinion in 1928 on the following set of facts:

A representative of the Bureau called at M Bank and served notice of levy on the bank deposits of A in the amount of 10X dollars. The bank, in a letter acknowledging the service, admitted that prior to the time the levy was made the taxpayer had withdrawn 9X dollars, leaving a balance of X dollars in his account. The bank further stated that it was holding the X dollars for the Bureau's claim.

It was contended that the acknowledgment of service should render the bank liable for the sum it admitted it was holding under the levy. In his opinion Mr. Charest stated: "It must be concluded that the liability of the M Bank under the levy is limited by the amount of funds on hand at the time levy was made and is not determined by the amount indicated in the acknowledgment of service."

## Where No Levy Has Been Made

A number of attorneys, both within and outside the Government, are of the opinion that, since Section 3710 and the 1928 general counsel's ruling limit the liability subsequent to levy to the amount on hand at the time of the levy, by inference banks will not be liable for payments made from an account if no levy has been made on such account.

Thus, under the foregoing view, a lien attaches to all property within the United States (with certain specific exceptions) no matter where located at the time the Collector demands payment of the taxpayer, but the bank would incur no liability for payments made from the taxpayer's account prior to the levy. If this view is correct, it would be immaterial in the absence of a levy whether or not a bank has actual knowledge of a federal tax lien.

Unfortunately, certain official statements of the Bureau of Internal Revenue cast a doubt as to the correctness of this view. While the Commissioner has never made a direct ruling as to the liability of banks making payments from a customer's account after actual knowledge of a tax lien, he has implied in a letter dated December 31, 1940, and in another letter dated January 2, 1941, that if a bank receives such actual knowledge it must hold up the account even though there has been no levy on it.

## Purchasers of "Securities"

The Commissioner, in his letter of December 31, 1940, discusses the possibility of exempting banks from liability in connection with payments from bank accounts of delinquent taxpayers as a matter of law by applying Section 3672 of the Internal Revenue Code. This section provides that a federal

(CONTINUED ON PAGE 122)

# ▲ ▲ ▲ ▲ ▲ How Some Bankers Feel

E. SHERMAN ADAMS

*This is the second article in a study which the author has made for BANKING, based on questions put to a distinguished group of bankers and economists associated with commercial banks. The first appeared last month.*

*Mr. ADAMS is assistant vice-president, Central Hanover Bank and Trust Company, New York, and a member of the faculty, New York Chapter, American Institute of Banking.*

THE time is ripe, in the judgment of many bankers and economists, to take a new look at the entire subject of monetary management. Since the establishment of the Federal Reserve System in 1913, banking conditions have changed radically and so has the whole economic environment in which credit controls must operate. Today we are confronted with new problems arising from the vast magnitude of the public debt. There is need to consider carefully the role that monetary policy should perform in the years that lie ahead.

A survey conducted for BANKING by the writer indicates that there is substantial agreement among leading bankers and bank economists on certain of the problems of money management but sharp disagreement on others. Also, naturally, differences are revealed between the opinions of bankers and those which have been expressed by representatives of the Federal Reserve System and the Treasury.

## **More Power for Monetary Authorities?**

One basic issue is whether the monetary authorities should be vested with additional powers with which to combat inflation. Many regard this as an urgent matter requiring immediate attention. It is a question that must be faced, moreover, even by those who believe that the peak of the postwar inflation has already passed. There is little reason to assume that in the future the United States will be immune to the cycles of boom-and-bust which have recurred over the past century. The central problem of monetary management for years to come will continue to be how to check inflationary booms.

Some Federal Reserve officials believe that the growth of the public debt during the war has, in the words of Mariner S. Eccles, "rendered the System's powers generally unusable for purposes of restraining further inflationary credit expansion." To restore the authority of the System to deal with the credit situation, therefore, they have suggested various alternative plans for increasing its powers over member bank reserve positions.

As for the attitude of bankers, many are convinced that if further action is needed to curb credit expansion, the monetary authorities can and should make greater use of their existing powers. Their specific recommendations in this regard were discussed in an article which appeared in the July issue of BANKING. Briefly, the consensus is that, if inflation threatens, the money managers should permit further increases in short-term interest rates and should lower the support prices for long-term government bonds at least fractionally below par. Rigid support of government bonds at premium prices is inflationary and unnecessary.

It is noteworthy, however, that, despite the vigorous criticism that has been leveled at various individual proposals, a majority of those who participated in the symposium for BANKING favor one or another of the suggestions that have been advanced to extend the Board's authority.

Only a small minority of bankers, however, believes that the Reserve Board should be granted greater power to raise member bank reserve requirements in order to combat inflation. A few others who are not convinced that this power is needed at present indicated that they might favor it if inflationary tendencies become stronger in the future.

One reason for the opposition to this proposal is that, as mentioned above, many bankers think that the Reserve System is not using its present powers to the extent that it should. The executive vice-president of a large New England bank commented: "Perhaps the Board should have moderate powers for further increases in reserve requirements, but it still possesses substantial powers to curtail credit expansion if that is what it really wishes to do, and the writer has reservations about the wisdom with which any added powers to raise reserve requirements would be exercised by the Board." One economist said that he would favor higher requirements "if the Federal Reserve were perfectly willing to terminate its great concern over government security prices." Another opposes the plan "until open market operations have been exhausted—or at least tried."

## **Attitude Toward Special Reserves**

Hostility is strong, also, toward the alternative proposal of giving the Board power to impose a special reserve requirement consisting of cash plus short-term government securities. Only one of the participants in the survey, the chairman of a midwestern institution, would adopt such a plan at present, and he specifies that the reserve should not be limited to short-term issues but should include all government obligations.

The Reserve Board has contended that the chief difference between a special reserve and an increase in primary reserve requirements is that the former would permit the banks to retain their present earning assets while the latter would force them to sell a portion of their securities in order to meet higher reserve requirements. Some bankers are fearful, however, that a special reserve arrangement might lead eventually to serious abuse. One denounced it as "an iniquitous proposal"; another as being "bad in principle." An eastern banker pointed out that it would permit the Treasury to fix its short-term interest rates permanently. On the other hand, the economist for a large metropolitan bank remarked: "I do not particularly like the special reserve plan which is being suggested but think that, under extreme inflationary conditions, it might be less undesirable than other possible alternatives."

## **Instalment Credit Controls**

The majority of the men included in the symposium are associated with large banks and their views may not be representative of the banking fraternity as a whole. How-



# About Monetary Controls ▲ ▲ ▲ ▲ ▲ ▲

ever, on one proposition, at least, most of those who contributed to the BANKING survey are in accord with the Federal Reserve Board, namely, that authority to regulate consumer instalment credit should be restored to the Board.

It is generally recognized that "liberal" practices in mortgage lending have greatly aggravated inflationary pressures since the end of the war. These have been due chiefly to governmental policies intended to facilitate home ownership, especially for veterans. Federal Reserve officials have repeatedly called attention to the inflationary impact of these policies but have shied away from suggesting that the Board be given authority to remedy the situation.

## Mortgage Loan Controls

Despite the fact that the proposal has not been widely discussed and despite the fact that mortgage loans are an important source of income to most banks, a fairly substantial minority of those who participated in the symposium stated that they are in favor of giving the Federal Reserve Board the power and responsibility to regulate certain of the terms of residential mortgage loans. One bank economist put the case as follows: "Some Federal Reserve control over mortgage loans would seem to be desirable at a time when mortgage loans are an appreciable inflationary influence."

Most of those who favor mortgage controls suggest that, in order to be effective, regulations should apply not just to banks but to all types of mortgage lenders. In the words of one economist, "certainly there should be some central

agency to control all mortgage credit, including that under various federal credit agencies."

Most bankers, however, do not advocate Federal Reserve control over mortgage credit. Some are frankly skeptical that the Board would be successful in resisting political pressures on behalf of special groups of borrowers. As one expressed it, "there is little reason to believe that such powers, if granted, would be wisely exercised. The chief factor of inflation in the mortgage lending field has been the Government itself, and the Board is an instrument of government."

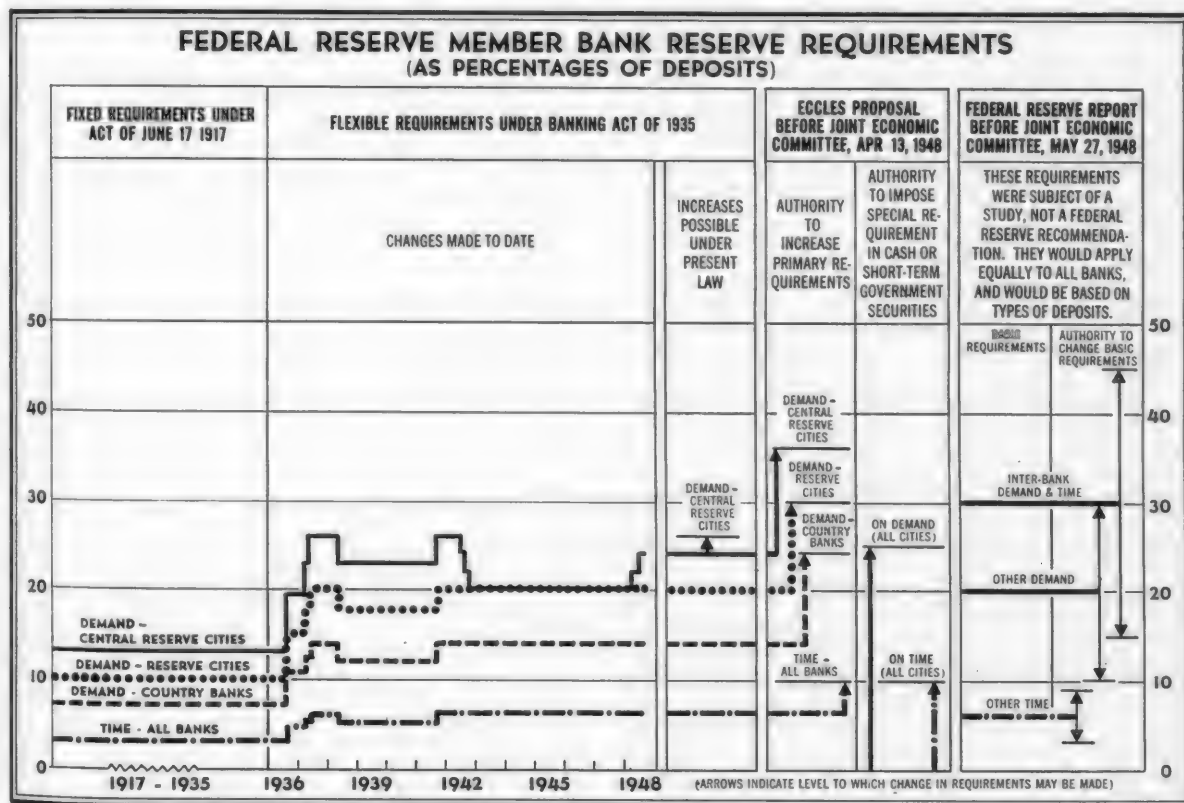
## Longer Range Problems

Going beyond the question of emergency action to meet the current situation, numerous proposals have been made from time to time as to changes in the realm of banking and monetary management that might be desirable from a long-run standpoint. Allan Sproul, president of the Federal Reserve Bank of New York, recently made four suggestions along these lines:

(1) That reserve requirements should be uniform for all member banks wherever located, with requirements varying only according to different classes of deposits, such as inter-bank, demand and time.

(2) That it may be desirable as a long-range improvement, especially if there is a persistent and substantial inflow of gold, to raise the general level of reserve requirements in order to reduce the degree of leverage that our existing

(CONTINUED ON PAGE 118)





CHARLES PHELPS COXING

## *The Dollar Sign Is the Sign of the Times*

HERBERT BRATTER

WASHINGTON, D. C.

**T**HAT troublesome dollar sign which President Roosevelt did so much to get rid of in the wartime relations between our allies and us is still symbolic of economic troubles around the world. Even the lavish postwar gifts and loans and peacetime "lend-lease" in the form of ECA assistance to Europe and China seem only to complicate the problem. There is not yet visible the end to the world's dependence on American strength, economic and military. In Britain, which is heavily indebted to American lend-lease and the almost forgotten loan, the ECA program was the subject of controversial debate in Parliament and the press before it was accepted as an alternative to "penury, unemployment and discord." The statistics-minded *Financial Times* told its readers that between 1955 and 1980 the United Kingdom will have to find \$200 million a year, every year, to service the 1946 American loan and ERP.

It is easy to understand why so many of the world's problems ultimately take the form of the dollar sign. The American dollar is today the world's prime standard for measuring financial, business and political values. It is the universally sought-after panacea for trade and balance-of-payments problems, not only between the outside world and the United States, but between different foreign countries. Whatever individuals may think about it, on the governmental plane the dollar is as good as gold. Thus, when intra-European trade slows down and in some bilateral situations comes to a virtual standstill, the solution promptly advocated is a dose of American dollars, euphemistically called "external assistance."

### ***This House of Glass***

There is no doubt, as the World Monetary Fund frankly admits, that inflation has made a mockery of many currency

par values in Europe. We Americans should not forget, amid all the demands for devaluation of other people's monies, that we too live in a glass house. The National City Bank of New York reminds us that, in terms of countless individual commodities, it now takes more than two dollars to buy what one dollar would buy here in 1939. This arresting fact is of world-wide significance. Cause and effect are intertwined. Foreigners point to it somewhat accusingly as the explanation for a large part of their dollar problem; and Americans reply that the heavy American programs of financial aid to others have swelled the war-born inflation here. If Europe and the rest of the world would send us more goods, there would be more for the dollar-at-home to buy and inflation in this country would tend to be dampened.

What European countries are doing for each other in the way of cooperation leaves a great deal to be desired and threatens grave disappointment to the American supporters of the Marshall Plan. The theory of that plan was that the United States, being more fortunately supplied with the goods of the world than war-weakened belligerents and neutrals across the Atlantic, should share some of its wealth. This is cooperation with a capital C.

### ***America's Guilt Complex***

There is some basis for the belief that the reason the American people have gone in so heavily for international cooperation since World War II is a feeling of guilt over having stayed out of the League of Nations. We are certainly making up for it with a bang. And we are already beginning to see portents of future disillusionment in the tough nationalism evidenced in the ITO conferences, the difficulties encountered by the World Fund in dealing with its members, and in the infiltration of communists into high position in the UNESCO. We have often heard, and said,

that unless the United States buys abroad a great deal more than in the past, there is just no chance of the rest of the world paying off its debts to us.

In Fund circles recently we heard the view expressed that the United States is not remiss in its import demands, but that the dollar shortage in Europe could be greatly eased if European countries made more effort to export to the American market. In the June issue of the Fund's *International Financial Statistics* first place is given to a series of graphs on European countries' exports to all countries and to the United States. These graphs strikingly reveal the fact that Europe has neglected the dollar-producing American market. The graphs would be even more striking if they compared directly exports to the U.S. and to all other countries, excluding the U.S.

Camille Gutt, the Fund's managing director, is one who believes that Europe can do much more than it has been doing to solve its dollar problem. In an address before the Bankers Association for Foreign Trade, the Belgian financier disclosed that during the past year almost none of the 30 percent increase in Western European exports went to the dollar-producing Western Hemisphere. It is all well and good shouting for Europe to increase its exports, but that is not enough. In Gutt's opinion, it is no solution for Europe's payments problem to have a surplus of credit-financed exports to the Eastern Hemisphere; and in the case of the Western Hemisphere, a deficit financed by the U.S.

### Some Sound Advice

Since the Fund has had no more important task than to study the causes of exchange disequilibrium, Mr. Gutt's advice to his fellow-Continentalers should be worth something. He holds that many European industries, by cutting down profit margins, improving their technical organizations and distribution systems, and the like, could successfully compete in the American market. Gutt states that in 1947 the failure of Western Europe to sell export goods to the United States was actually less significant than their failure to sell export goods to Canada and Latin America. If the UK, France, Belgium, The Netherlands, Denmark and Norway had maintained their prewar proportion of exports in dollar markets, they could have exported \$625 million more to the U.S. and \$975 million more to Canada and Latin America last year. Europe cannot balance its payments until it makes its exports competitive in the Western Hemisphere and produces for such export. And mere devaluation unaccompanied by internal reforms is no solution, Gutt adds.

By the time this is published, Mr. Gutt will be carrying his message to the Europeans in person, especially in a series of addresses at the Hague.

### Conference-Happy World

If mere consultation between nations were the solution, this would be a happy world. During the fiscal year 1948, according to the busy State Department division of international conferences, this country participated in 444 governmental and other international conferences in all quarters of the globe. This compares with a prewar average of 75 per annum. Next big financial conference will take place in Washington in September: the annual meeting of the governors of the World Bank and Fund. This will bring together finance ministers and central bankers for the exchange of views on world problems and on regional and bilateral subjects. For most participants it should be educational.

If Americans have much to learn from contacts with foreigners, the opportunity is mutual. At UNESCO headquarters in Paris the chief geographer, a French woman, asked an American whether Pennsylvania is a city or a state. "These American place names have no historical significance; and American history is just a series of anecdotes," the geographer added by way of explanation for her ignorance. Pennsylvanians who contribute to America's "lion's share" of the cost of the multiple organs of international cooperation may be disconcerted at their nebulous existence.

### Here and There Abroad

China, which would like us to give back the silver we bought there in the 1930s, continues to go the way of hyperinflation. (By the way, *The Economist*, London, thinks we owe it to China to rebuild the silver standard there, attributing China's inflation to our errors.) The smallest bill in circulation in China is the Chinese 100,000-dollar note. In the World Fund's monthly statistical bulletin Chinese financial statistics are reported in "hundreds of billions of yuan" and Chinese price indexes are based on "1937 = 0.001."

Southern Rhodesia is declaring its financial independence of the UK. The gold-producing dominion recently inaugurated a new subsidy for all gold mined, disregarding Britain's commitments under the Fund agreement. This step has whetted the demands on the part of South African mining interests, whose profits are squeezed between rising costs of production and a fixed selling price. For interim relief they are asking, in lieu of a state subsidy, tax and import-duty concessions to lower the cost of mining supplies, reduction of municipal dues, suppression of railage on gasoline trans-

(CONTINUED ON PAGE 119)

A resourceful photographer in Berlin caught this picture of German children playing with outmoded reichsmarks, which have been redeemed at 10 for one in the Western Allies' areas of Germany. As a result, the Russians have torn their economic hair and have issued some dire threats for the benefit of Germans using the new money



WIDE WORLD

# Effects of the Anti-Inflation Brake

LESTER E. SHIPPEE

MR. SHIPPEE is executive vice-president, Hartford-Connecticut Trust Company, Hartford, and chairman of the American Bankers Association's Credit Policy Commission, the group which conducted the survey of banker opinion discussed below. This is the third such survey, previous ones having been made in June and December 1947.

THE past six months have been marked by a successful and constructive campaign by the banks of the nation against the devastating forces of inflation. This program, urged by the president of the American Bankers Association, has proved timely and effective.

The great purpose underlying this voluntary effort is, of course, to prevent the misuse of bank credit and to discourage the use of credit for speculative or non-essential purposes. It stresses the need for channeling credit into such uses as will increase production and distribution of essential commodities and services and seeks to avoid the use of bank credit for purposes which will add to the already serious fires of inflation. Our program has been well and widely publicized and has served to increase the awareness of business and banking to the dangers inherent in the over-extension of bank credit.

## 1948's First Six Months Compared

During the first six months of 1948 it is estimated that the outstanding total of all loans in the banks of this country increased approximately \$1½ billion. It is significant to note that this increase is only half of that for the first six months of 1947 and only one-third of the increase of the last six months of 1947.

The third semi-annual survey of the opinion of 358 bankers made during the month of June 1948 by the Credit Policy Commission of the American Bankers Association discloses that the Association's anti-inflation program has been achieving a good measure of success. It appears to be practically the unanimous opinion of those who replied to our questionnaire that the program has been most effective and that bankers throughout the country are continuing to exercise greater care and selectivity in the extension of credit.

## Business Outlook Is Favorable

Although the general consensus in the present survey is that the business outlook is favorable, some areas will not fare as well as others. Bad weather conditions in some districts have reduced crop expectancy, which will affect business locally. Some communities are feeling the results of curtailed manufacturing operations in certain industries where supply lines have been filled up. The supply of goods in some industries has risen to a level where the former normal characteristics and seasonal trends are becoming reestablished.

Bankers, however, must continue to exercise proper and judicious direction over credit extension, and must supervise collections more attentively and effectively.

The third semi-annual survey of banker opinion reflects the considered opinion of leading bankers in every trade

TABLE I—Distribution of Replies

Federal Reserve District	Percentage
1. Boston.....	12.6
2. New York.....	10.1
3. Philadelphia.....	5.3
4. Cleveland.....	4.7
5. Richmond.....	8.4
6. Atlanta.....	5.9
7. Chicago.....	14.0
8. Saint Louis.....	6.5
9. Minneapolis.....	5.3
10. Kansas City.....	11.5
11. Dallas.....	4.2
12. San Francisco.....	11.5
	100

area of the United States. It represents the views of bankers from the larger and the smaller cities, and from the industrial, agricultural and mining sections.

While the bankers participating in the survey numbered only 358, they constituted a most representative group. They were associated with banks with deposits amounting to one-fourth of the aggregate deposits of all banks in the country. Three out of 10 represented banks with deposits of less than \$10,000,000, and eight out of 10 banks with deposits of less than \$100,000,000. One half of those replying were located in cities with populations of less than 50,000. For a complete analysis of the distribution of replies according to Federal Reserve districts, size of cities and dollar amounts of deposits of respondent banks, see Tables I, II and III.

The current survey discloses that the majority of those replying were of the opinion that bank loans would increase during the last six months of 1948. Approximately 55 percent believed there would be an increase, with 14 percent estimating the increase would exceed 10 percent, and 41 percent that the increase would be 10 percent or less. About 36 percent stated that there would be no change. The remaining 9 percent felt there would be a decline. (See Table IV.)

Compared with previous surveys, it is interesting to note that fewer bankers in the present survey expect the volume of loans to increase. More, however, expect that there will be no appreciable change. Many of those who felt that there would be an increase, considered the effects of the European Recovery Program and the expanded defense and preparedness plans recently authorized by Congress.

**Interest Rates.** According to the current survey, two-thirds of the respondents stated that the average rates of interest on business loans had increased during the first half of 1948. An increase between ¼ and ½ of 1 percent was reported by 39 percent. An increase of over ½ of 1 percent was given by 24 percent, while no appreciable change was indicated by 30 percent. (See Table V.)

**Repayment Ability.** The ability of borrowers to meet their



repayment schedules on bank loans appears to be substantially the same as reported in the survey of December 1947. Approximately 61 percent of the replies indicated no appreciable change in payment experience, while 31 percent reported a slowing up in payments.

The necessity of tying up more working capital in accounts receivable and inventories, because of slower consumer collections and higher price levels, could well be the reason for business concerns being slower in meeting their obligations. (See Table VI.)

**Commodity Loans.** Approximately 87 percent of the replies stated that there had been no substantial increase in commodity loans during the first six months of 1948. This compares with 66 percent with the same opinion for the last six months of 1947.

**Term Loans.** In the current survey, 80.5 percent of the respondents indicated that there had not been a substantial increase in term loans. This compares with 78 percent in the December 1947 survey. Banks undoubtedly are discouraging many requests for long term loans of an inflationary nature.

It is noticeable that during the first six months of this year a substantial number of long term credits to business concerns have been negotiated either directly or indirectly with life insurance companies and private or other institutional investors. This has resulted in the liquidation of a number of bank term loans.

**Capital Expansion.** The expenditures of business concerns during the second quarter of 1948 for capital purposes, namely, plant, modernization and expansion, equipment and facilities, has increased somewhat in the trade areas of the majority of bankers who replied. About 51 percent stated an increase, 16 percent referred to a decrease, 32 percent reported the same as last year, while 1 percent made no estimate. Loans of this kind ordinarily will result in increased supply of goods because of improved productive facilities.

**TABLE II—Replies classified according to size of city in which respondent lives**

	Federal Reserve Districts												
	U. S.												
Classification	Totals	1	2	3	4	5	6	7	8	9	10	11	12
Population													
Under 15,000.....	103	13	4	5	2	8	6	12	9	5	20	5	14
From 15,000 to 49,999.....	76	10	8	1	4	10	5	8	4	10	6	2	8
From 50,000 to 99,999.....	49	5	4	2	-	4	5	10	3	-	4	4	8
From 100,000 to 499,999.....	82	12	11	5	8	3	5	8	4	4	12	4	6
Over 500,000.....	48	5	9	6	3	5	-	12	3	-	-	-	5
Total.....	358	45	36	19	17	30	21	50	23	19	42	15	41

**TABLE III—Replies classified according to total deposits of respondent bank**

	Federal Reserve Districts												
	U. S.												
Classification	Totals	1	2	3	4	5	6	7	8	9	10	11	12
Branches of Banks.....	2	-	-	-	-	-	-	-	-	-	-	-	2
Under \$9,999,999.....	113	16	6	3	1	9	9	13	11	7	21	6	11
From \$10,000,000.....													
To \$99,999,999.....	169	23	17	12	8	15	8	30	6	11	17	6	16
From \$100,000,000.....													
To \$499,999,999.....	59	5	8	3	8	6	3	5	6	1	4	3	7
Over \$500,000,000.....	15	1	5	1	-	-	1	2	-	-	-	-	5
Total.....	358	45	36	19	17	30	21	50	23	19	42	15	41

**Loans to Manufacturers.** In the current survey 21.7 percent of the bankers stated that there had been a substantial increase in the number of loans to manufacturers. This compares with 32 percent in the December 1947 survey.

Inventories of manufacturers appear to be in fairly good order. While there appears to be a slight increase in those now reporting overstocking as compared with the December (CONTINUED ON PAGE 128)

## CONDITION OF INVENTORIES

OF MANUFACTURERS, WHOLESALERS AND RETAILERS ACCORDING TO DISTRIBUTION OF OPINION IN CURRENT SURVEY - JUNE 1948 AND PRECEDING SURVEY - DECEMBER 1947

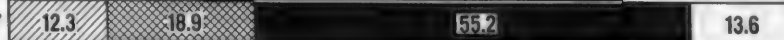
### MANUFACTURERS

PERCENT OF ALL BANKERS REPLYING

CURRENT SURVEY



PRECEDING SURVEY

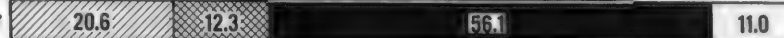


### WHOLESALERS

CURRENT SURVEY



PRECEDING SURVEY



### RETAILERS

CURRENT SURVEY



PRECEDING SURVEY



KEY -



OVERSTOCKED



UNDERSTOCKED



BALANCED



NO ESTIMATE



DEVANEY

## *Tenure • Bills, Dead or Dormant • Inflation*

LAWRENCE STAFFORD

**M**ANY spokesmen of both major political parties have been asserting that the present Administration will be defeated at the election November 2. This has aroused much speculation about the tenure of officials who deal directly with the nation's banks in a supervisory capacity, and indirectly in managing the Government's financial affairs.

Foremost official, so far as the banking world is concerned, is the Secretary of the Treasury. Regardless of the fact that the present Secretary, John W. Snyder, has built up a highly satisfactory era of cooperation with the banking and financial worlds, he is bound to be replaced, unless all custom is flouted, should a new Administration be elected.

Even though Mr. Snyder may depart from Washington, he will leave a legacy of cooperation and good will. Through his practice of conferring regularly with representatives of banks and insurance companies, he has established an understanding among people in the financial community of Treasury affairs. Likewise the Treasury has come to learn more of the problems of those who invest in Treasury securities.

In past Administrations the original responsibility for Treasury fiscal operations was under the jurisdiction of an appointive official, the Under Secretary. Like the Secretary, the Under Secretary changes with a new Administration. Under the terms of a reorganization made in 1940, however, the post of Fiscal Assistant Secretary of the Treasury was created. That official is responsible, under the Secretary, for management of the public debt. The job is permanent. It is civil service and non-political. Hence the Fiscal Assistant Secretary, Edward F. Bartelt, a career

man of many years, is likely to remain in the post with a new Administration. This will give continuity to the handling of the federal debt.

Directly under the Treasury Secretary is the office of the Comptroller of the Currency, which supervises national banks. This is a career service, except for the top position, that of the Comptroller, who is appointed by the President and confirmed by the Senate, for a five-year term. Deputy Comptrollers are not required to submit their resignations to a new Secretary of the Treasury.

The term of Preston Delano, the present Comptroller, expires in October. Should the President reappoint Mr. Delano, he could serve only until confirmed by the Senate next Winter, and, if refused confirmation, he would step out. Should the position, on the other hand, be left vacant for the President to fill next January, the senior Deputy Comptroller, C. B. Upham, would, if custom were followed, serve as Acting Comptroller of the Currency until a new Comptroller takes office.

Custom dictates that the chairman of the Federal Reserve Board shall submit his resignation to a new President. He may resign both as chairman (a position to which a member of the Board is designated for a four-year term by the President) and also as a member of the Board, although precedent is not clear on this point. Thus, although a Republican, Chairman McCabe will submit his resignation as Chairman if there is a new President in January. Customarily this resignation is accepted.

Unless Mr. McCabe also resigns from the Board, or unless M. S. Eccles, the previous chairman, resigns, the new President will not be able in the course of events to fill a vacancy

on the Federal Reserve Board until February 1950, when the first board term will expire. It is reported, however, that Mr. Eccles will leave the Board in time to create a vacancy for the next President to fill.

There has been only one occasion in the past when the Chairman of the Federal Deposit Insurance Corporation was confronted with the problem of tenure in the case of a new President of the U. S. Leo T. Crowley, former FDIC chairman, submitted his resignation in April 1945 to President Truman, after the death of Mr. Roosevelt. It was not accepted until October, when Mr. Crowley wished to leave government service.

With the resignation of former A.B.A. president A. Lee M. Wiggins as Under Secretary, to become a railroad executive, Edward H. Foley, Jr., moved up from Assistant Secretary to Under Secretary. Mr. Foley's assistant secretaryship was taken by John S. Graham, formerly a special assistant to Mr. Wiggins.

### **Bills Killed at Session's End**

Three or four bills relating to banking failed to pass for one reason or another by the conclusion of the regular session in June. Whether these would pass in the special session Congressional observers could not predict. If the session is a brief political "brawl" with a few weeks of do-nothing political showmanship on both sides, miscellaneous proposals of this character will pass only by accident

of time and circumstance. If the session is prolonged and opened up to general legislation for any reason, some or all may pass.

One of the dead bills would have exempted World Bank bonds from SEC registration requirements and also would have empowered national banks to deal in such bonds. Congress disliked the idea of exempting the World Bank from SEC for any bonds representing a total greater than the U. S. contribution to the bank, but the bank refused to agree to such a limitation. This and other objections are likely to carry over into the 1949 session of Congress.

Congress refused to act upon a bill empowering the Export-Import Bank to lend \$500 million, especially authorized for the purpose, to Latin America. Congress doubts whether it wants this institution to operate, along with ECA and other financial aids, primarily as an instrument of the Government's foreign policy.

Although the proposal to permit national banks to convert to state charters without going through liquidation failed at the end of the session, objections to its provisions are not believed to be fundamental.

### **Laws Passed**

The way was cleared for airline financing through the medium of equipment trust debentures. Chief obstacle to this form of financing, in which banks might participate, was that under the Civil Aeronautics Act, the owner of an

### **EFFORTS TO STOP INFLATION**

President Truman, from the moment of his acceptance, indicated that he intended to ask for some of the inflation controls which he had requested since his listing of the "10 points" last November. The cut below shows him delivering his message on that occasion



August 1948

airplane was liable for damages for its operation. The lender on an equipment trust debenture was technically the owner of the airplane. The new law provides that the "owner" is not liable for the operation of an aircraft unless he also is the operator.

Another part of this proposition was to provide for the registration of chattels on spare motors, propellers and other parts for commercial aircraft.

Chief drawback to extensive airline equipment trust debenture financing is the generally poor earnings position of the air carriers. Air parcel post may boost the earnings of some carriers, particularly the big lines with the least element of subsidy in the air mail pay rates. However, this new service will not remedy the basic lack of earning power materially, the experts say.

### **Inflation**

Inflation, bitter Congressional issue of the last two years and source of contention in the heated national political campaign, and in the special session of Congress which is dealing with it now, appears destined to become a headache of Congress in 1949.

Until a few weeks ago, officials figured it was about a toss-up as to whether inflation would intensify or not. They noted signs of increasing consumer resistance to higher prices. Industry after industry was crossing that invisible boundary between the area of scarcity and unfulfilled demands, and the area of full production and buyer stubbornness about high prices.

After first hailing the foreign aid and defense programs as

more wood for the inflation fire, officials began to doubt the price-boosting effects of these factors. It became apparent that foreign aid might fall short of maintaining 1948 exports at 1947's volume. Then, too, foreign aid was slow in getting started. It won't hit its stride in volume shipments until this Fall.

It also began to dawn upon officials that expanded defense spending would not be the immediate prod to inflation they had assumed it would be. Defense spending has lagged far behind appropriations since the war. Even though the military planners have concentrated upon proved designs for military equipment rather than toward the newer inventions of the electronic age, so as to hasten procurement, actual outpayments for the expanded defense program will not begin to be felt by the economy until the early months of 1949. They won't develop in volume until later in that year.

Finally, the inflationary effect of the Congressional income tax reduction will not give business an appreciable inflation shot in the arm until the latter part of this year, so it was reasoned.

It was thinking along this line which is believed to have led the Treasury to reject the Federal Reserve System's proposal that the one-year government interest rate should rise to  $1\frac{1}{4}$  percent, a boost of  $\frac{1}{8}$  of 1 percent. The Treasury felt, however, that there were strong sustaining factors in the nation's economy, factors such as the steel shortage, the prospective operation of the manpower draft, the large volume of construction, the tax cut, and so on.

(CONTINUED ON PAGE 108)

### **ANOTHER ROUND**

Upon settlement of the two-month-old railway dispute, representatives of the unions and the railroads were congratulated by President Truman. *Left to right*, around the President are Alvanley Johnston, locomotive engineers; D. B. Robinson, locomotive firemen and engineers; A. J. Glover, switchmen; W. T. Faricy, Association of American Railroads; John R. Steelman, presidential assistant, C. D. McKay, Southeastern Railroad Conference; H. A. Enocks, Eastern Railroad Conference; D. P. Loomis, Western Railroad Conference



HARRIS & EWING



# Banks Continue the Anti-Inflation Program

**A**SSERTING that the results of the banks' voluntary credit control program sponsored by the American Bankers Association, "have been well worth the effort," Secretary of the Treasury Snyder last month urged that the program be continued, and A.B.A. President Dodge pledged the membership to intensify their efforts to control the use and expansion of credit and to increase savings.

Some indication of the results of the banks' anti-inflation effort may be found in the survey reported on page 50.

The exchange of correspondence between Secretary Snyder and Mr. Dodge follows:

Dear Mr. Dodge:

This letter is to express my appreciation for the voluntary credit control program of the American Bankers Association and to outline the circumstances, familiar to both of us, which now require that the effort under this program be continued without relaxation.

The American Bankers Association credit control program began the first of this year and has been pushed actively and aggressively by the Association through pamphlets and printed material, group meetings, and by word-of-mouth of the leaders of the banking fraternity. Bankers in all parts of the country have been influenced by the program and have screened their loan applications with added vigilance. The results have been well worth the effort. During the first five months of this year, the total loans of all commercial banks advanced by only \$1,350 million, while their investments fell by \$3,250 million. As a consequence, there was a substantial decline in the money supply of the country during the period, contributing materially to containing inflationary pressures.

As you know, inflationary pressures still continue serious; but the Government will no longer be able to contribute substantially to their control by means of an excess of receipts over expenditures. In the fiscal year which just closed, we had such an excess of \$8.4 billion. On the other hand, in the fiscal year just commencing, as a result of increased defense and foreign aid expenditures due to the tense international situation, combined with the recent tax cut, we shall probably be unable to avoid an actual excess of expenditures over receipts.

As a consequence, the Government will no longer be able to retire bank-held debt on the scale maintained during the last fiscal year; and bankers can no longer look to a decline in their investments to offset an increase in their loans. A much larger share of the total burden of controlling inflation must henceforth lie with the banks.

Bearing this in mind, and with full realization of the seriousness of the situation, I am taking the liberty of asking you to reexamine your efforts in this field, and wherever possible to increase them. The responsibility, and it is a grave one, must rest with the self-discipline of each individual bank. Your effort to impress this upon the banking fraternity will be a real contribution to the cause of economic stability.

Sincerely yours,

John W. Snyder, Secretary of the Treasury

Mr. Joseph M. Dodge, President  
American Bankers Association  
New York, New York

The Honorable John W. Snyder  
Secretary of the Treasury  
Washington, D.C.

Dear Secretary Snyder:

Thank you for your letter of July 2 about the need for continued effort on the part of the banks to control credit expansion.

Your comment about the voluntary program of the American Bankers Association is much appreciated.

I will see that your letter is brought to the direct attention of the appropriate officers of the banks of the Country.

We have had the complete cooperation and support of the State Bankers Associations in carrying this program to the individual banks through state, group, and other local meetings. The scope of their work has been tremendous, and it has been made effective by the ready acceptance of the principles by the individual bank managements.

However, I am sure we all realize that the emphasis of the spring meeting period is over. The first six months of this calendar year have passed and now we are going into the second six months, which is the first half of the 1948-1949 fiscal year. We can not fail to recognize the substantial change in the fiscal picture, which is mentioned in your letter, and that the period ahead of us will present a test of whether inflationary forces can be controlled and checked. Certainly recent events and forecasts suggest that the longer term outlook can be dangerously inflationary.

The American Bankers Association and the banks will continue and intensify their cooperative action to control the proper use and expansion of credit, and will continue to stimulate increased savings.

Again I am urging the banks to scrutinize credit carefully to the effect that its use will be restricted to that which stimulates immediate production and avoids increasing the pressures on consumption, except in areas of free supply. Under present conditions the extension of credit in the commercial, agricultural, or consumer fields undoubtedly requires continued emphasis on selectivity, and restriction to sound and necessary purposes.

In particular I am asking the banks not to contribute to rising prices, fictitious values, or false standards of living from the use of credit; to maintain a general and consistent pressure for loan liquidation and the fulfillment of payment commitments; to watch the inventory and accounts receivable accumulations of borrowers; to scrutinize the terms under which borrowers themselves extend credit; to relate mortgage loans to sound and realistic values; and to make consumer credit loans on conservative terms. In all cases the total obligations of borrowers should be held well within their capacities to pay.

Also, I am asking the banks to use every effort to encourage investment in Government Savings Bonds and in savings deposit accounts. Savings are particularly important because the more saved now, the more people will have—and the less they spend, the greater will be the future purchasing power of their savings and incomes.

Everyone knows that the further prices and debts get out of line, the greater the probability of a drastic correction which will bring severe penalties, particularly to the over-extended borrower. Individuals, businesses, and the Nation all need stability as much as or more than they need prosperity. This is a time in which we can not afford personal or business deficits any more than we can afford Government Budget deficits.

Our stability can only be maintained by a combination of good judgment and a deliberate restraint. The fundamentally sound and flexible financial position of borrowers and banks is the basic protection for all unexpected future economic changes.

Of course there is no way the banks can undo the inflationary forces already in effect or which may come into effect from other sources. Also the present level of our economic activity and prices requires substantial uses of credit. But bankers acknowledge the fundamental responsibility to maintain sound assets and a substantial liquidity, and to avoid credit abuses.

You can be assured of our continued cooperation in meeting the inflationary problem.

Sincerely yours,

Joseph M. Dodge, President



A Romeo Savings Bank advertisement and service that speak for themselves. Farm Representative Webber at left and Cashier Mosher

## A County Bank's P. R. Program Pays Off

IN 1864, while the United States was convulsed by Civil War, the Romeo Savings Bank was established in the sparsely settled hamlet of Romeo, Michigan. This little bank's very existence depended upon its making friends and encouraging the early settlers to use its facilities. The lessons then learned in how to sell the bank's services have not been lost in the intervening 84 years. Today Romeo Savings Bank, headed by Melvin F. Lanphar, is doing a successful public relations job, which is paying off handsomely in goodwill and earnings.

At staff conferences every morning and at other intervals during the week President Lanphar coaches his staff in how to give service with a capital "S" to the rich industrial, fruit growing and general farming area served by the bank, namely, Macomb, Oakland, Lapeer and St. Clair counties.

The bank's farm service department, headed by Agricultural Representative Frank Webber, provides the nucleus about which the bank's agricultural services revolve. It is the fount of incalculable goodwill. Mr. Webber's training for his job includes 20 years of residence in Romeo. He operates a general farm and is an active leader in about every phase of community life, including FFA, 4-H Club, Farm Bureau, Agricultural Association, cattle associations, and Michigan State College Extension Service activities.

His bank duties cover a wide variety of services and are almost too numerous to mention. In the rural field, he calls on and consults with farmers at the homestead and at all kinds of meetings for farmers, 4-H and FFA members, and for representatives of the Michigan State College, U. S. Department of Agriculture and Michigan Agricultural Department. On his roving missions he investigates collateral offered as security to agricultural loans, such as cattle, machinery and equipment, buildings, etc., and, of course, he checks on "infrequent" delinquencies.

In the commercial field, he calls on appliance and automobile dealers and business concerns to ferret out commercial paper for purchase by the bank.

Here are a few of the bank's services which have been acclaimed by its customers:

Two \$100 scholarships are awarded each year by the bank, entitling each recipient to a two-semester, 16-week course in agriculture at the Institute of Short Courses of Michigan State College. The contest is open to all senior agricultural students enrolled in the Romeo High School who rate in scholarship, in 4-H, FFA or school activity leadership, and who have good citizenship records both within and without the classroom.

Two foot lockers, equipped with show halter, tail dressing comb, Scotch comb, flexible rubber curry comb, sweat scraper, rice grooming brush, coat dressing, hook horn scraper, and horn rasp, are awarded annually to the 4-H and FFA members achieving top showmanship at the Armada Fair.

Mr. Webber acts as the bank's representative in the selection of the winners in both contests.

Perhaps the farm service from which the bank derives the greatest immediate, though indirect, monetary benefit is the clerking of farm auctions. The bank's cashier, Kenneth D. Mosher, teams up with Mr. Webber in laying the groundwork for the auction and in clerking the sale. Mr. Mosher handles the cash receipts and approves "purchase" loans on the spot, while Mr. Webber handles the paper work incidental to the cash transactions.

A year and a half ago the Romeo Savings Bank was averaging only about one farm auction a month. President Lanphar and his associates saw in this activity an opportunity to give wider community service which would also

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# This Bank Graduates Farmers

HAROLD SEVERSON

MR. SEVERSON wrote BANKING that he was going down to Chillicothe, Missouri, to interview DON SCHOOLER about the Citizens National Bank's farm youth activities and that he expected to get some good ideas that would be helpful to other banks. His predictions were fulfilled.

JIGGS" Warren (his first name is Harold but nobody seems to remember it) shuffled his feet and looked embarrassed. His pretty young wife had just dusted off a silver plaque. Engraved on it was a terse statement that the plaque had been awarded him for the best Shorthorn steer at the St. Joseph, Missouri, Interstate Baby Beef Show by the Missouri Shorthorn Association.

"How many were you competing against, Jiggs?" prompted his wife.

"About 800 steers from Iowa, Missouri and Kansas were entered in that show," he recalled. "It was quite a thrill for a youngster to win that event. And if it hadn't been for Don Schooler and the Citizens National Bank of Chillicothe, Missouri, I probably never would have reached first base. The bank gave me a helping hand when I needed it."

That was back in 1939. Today this young tenant farmer has close to 500 acres under production, owns two large tractors and a full line of farm implements, and is planning to purchase his own farm this Fall.

"The bank gave me my start," Jiggs Warren asserts. "I was a 4-H member with a baby beef project. I needed money and the Citizens National gave me the amount required to get going. Then a little later I borrowed more money from the bank to buy a second-hand tractor to farm some extra land I had rented. I've learned the value of good credit and the convenience of a bank that's genuinely interested in my farming operations."

When we left the Warren farm, Don Schooler paused for a moment. Then he commented:

"Jiggs is one of several young men whom we started out with a small project loan several years ago when they were in their early teens. From this start they have gradually

accumulated sufficient assets, consisting of livestock and farming equipment, to make it possible for them to operate in an efficient manner. Aside from making a good living, they are able to accumulate a little in savings. These fellows are married, have children, and are operating as successful tenants on farms."

Another young farmer who credits the Citizens National Bank with playing an important role in his program is Cecil Ashlock, who farms close to Chillicothe. His father had been a herdsman for Hereford breeders in Iowa and Colorado before coming to Missouri. In 1941 he borrowed \$150 to buy a Hereford heifer. During the next two years he began building up his herd of registered cattle. Then came a three-year hitch in the Navy that did not end until 1946. In the meantime his dad was taking care of his livestock and the boy was sending a portion of his allotment home to take care of his expanding operations.

"I borrowed my first money from Don Schooler when I was 15 years old," the young Hereford breeder explained. "I had a cow-and-calf 4-H project and needed the money to get started. I could walk over to Don Schooler's desk and borrow without a lot of red tape cutting."

"Yes," interjected Mr. Schooler, "and don't forget this: The fact that you've always repaid your loans promptly has meant you get them with a minimum of delay. You've never tried to get more credit than you needed. That's an important point, too."

Mr. Schooler's connection with the Citizens National Bank dates back to a decade ago when he was employed as an assistant county agent with headquarters at Chillicothe. He made a favorable impression upon officials of the bank and when they decided to start a lending program for farm youth, they induced him to join the bank. Like C. W. Bailey of Clarksville, Tennessee, the Chillicothe bank felt that the competition between industry and agriculture is so great that a helping hand must be given to keep young folks on the farm.

(CONTINUED ON PAGE 124)

Banker Schooler, right, collects data on Harold Warren's farming operations while Mrs. Warren and the children stand by



August 1948

Fred and Cecil Ashlock, right, Chillicothe, Missouri, farmers, receive a routine check-up call from Mr. Schooler



# News for Country Bankers

*Merchandising . . . Bank Operations . . . Legislation . . . Research . . . Better Farming*

## Iowa's Agricultural Credit School

NINE young bankers received diplomas on June 25 at the conclusion of the third annual Agricultural Credit School, sponsored by the Iowa State College and Iowa Bankers Association, at Ames. These men, along with 30 others, were treated to a balanced curricular program, which was presented by bank, legal and Extension Service experts. The graduates included Jack C. Bell, Council Bluffs; W. E. Brown, Zea; Herman H. Harvey, Perry; T. F. Jacobson, Roland; H. P. McNeil, Ames; Robert L. Peterson, Jefferson; E. T. Savidge (A.B.A.), New York; Rex J. Willis, Riceville; and James A. Wolf, Garner.

The two-week course included a study of the broad aspects of agricultural credit, farm management, administration of agricultural credit, general agriculture, and two field trips to typical Central Iowa farms. The first field trip was to the 270-acre farm of James H. Davis to observe his operations. The second was to the 170-acre Dwight Cartwright farm. Each of the students made a detailed plan on how he would manage and operate the Cartwright farm for 10 years, giving consideration to crops, livestock, labor, management, etc.

Other members of the student body were: Henry A. Ahlers, LeMars; R. Dean Arbuckle, Dana; C. R. Atwell, Mt. Pleasant; Stanley R. Barber, Boone; R. M. Christianson, Joice; Wm. J. Degnan, Emmetsburg; Glen Friedrichsen, Kiron; David Grimes, Albia; Donal R. Halvorson, St. Ansgar; Russell L. Horn, Adel; Wm. E. Hutchinson, Jefferson; Arthur Irwin, Estherville; Ernest M. Jensen, Lone Rock; John K. Jensen, Chicago; Thomas M. Kerndt, Lansing; O. J. Kline, Rock Rapids; Gordon L. Mennen, Brunsville; Henry C. Overbeck, Boone; H. A. Pedersen, West Branch; Wm. Phipps, Jefferson; Jack Schlemmer, Council Bluffs; E. G. Schmidt, Delhi; W. R. Scholler, Carlisle; Wallace Smith, Fenton; Herbert E. Taylor, Onawa; Wm. Thomas, Dallas Center; Thomas J. Thornton, Donnellson; R. C. Freed, Burnside; John E. Willard, Malvern; and Ralph Wilson, Marshalltown.

John K. Jensen of the Continental Illinois National Bank and Trust Company, Chicago, was the only representative of a large city bank attending the Ames school. He is Continental's correspondent bank representative for Iowa.

The planning and direction of the Iowa school was largely handled by Dr. W. G. Murray, H. B. Howell, and R. M. Vifquain, of Iowa State College; and K. J. McDonald, Estherville, chairman of Iowa Bankers Association's Agricultural Credit School Committee; W. A. Lane, Marshalltown, committee vice-chairman; and Frank Warner, IBA secretary.

## Diversification Is Bank's Goal

THE Security Bank of Corinth, Mississippi, is one of the South's chief exponents of crop diversification and the extension of non-agricultural production as a means of insuring a sound economy. In an effort to stimulate progress



Student body at Iowa's Agricultural Credit School in Ames



Ames students get pointers from Farmer Cartwright. Shown with Mr. Cartwright are, left to right, Messrs. Freed, Phipps, Ahlers, Wilson and Howell

in both the agricultural and industrial fields, The Security Bank named James M. Smith, former assistant agricultural agent for Alcorn County, its farm management consultant.

"Our officers, including Mr. Smith, work closely with our farmers, advising with them throughout the year on their various programs," said Vice-president and Cashier Liddon McPeters in outlining the bank's farmer relations program. "We make many personal calls on farmers and Mr. Smith is always available for consultations."

The Security Bank's activities include an annual banquet for 4-H leaders and project award winners, at which prizes and citations are presented; sponsorship of a 4-H Club corn production contest, which now has 50 entries; and the financing of dairy and beef cattle for 4-H members. The bank also gives substantial financial and moral support to the local artificial breeding association and, as a public service to those who want this type of cotton production financing, writes CCC loans.

Every issue of *The Security Bank Bulletin*, published quarterly, features the bank's motto—"A Balanced Program



on Every Farm." The *Bulletin* is illustrated with seasonal farm scenes and contains timely suggestions on "things to do" to get maximum productivity during current quarters. It circulates to farmers, businessmen and agricultural leaders, and the bank finds it an effective public relations builder.

### New Book on Soil Erosion—Conservation

**S**oil Conservation and the Banker" is the title of a book by George H. Emde, assistant cashier, Federal Reserve Bank of Cleveland, recently published by the bank.

The original manuscript of the Emde book was submitted in 1947 in partial fulfillment of the requirements for graduation of The Graduate School of Banking, conducted by the American Bankers Association at Rutgers University, and selected by G.S.B. thesis examiners for circulation by the A.B.A. Library. Mr. Emde was a member of the school's Class of 1947, majoring in commercial banking.

The subject-matter of "Soil Conservation and the Banker" is subdivided into eight chapters, is illustrated by photographs, maps and diagrams, and includes a bibliography, a form for use in measuring the productivity balance of cropland, and a form of instalment promissory note.

Chapter titles are: "Man's Dependence on the Soil"; "Erosion, Deterioration, and Depletion of the Soil in General"; "Erosion, Deterioration, and Depletion of the Soil in History"; "Erosion, Deterioration, and Depletion of the Soil in the United States"; "Soil Conservation"; "Proof That Soil Conservation Pays"; "The Situation in Ohio"; and "What the Banker Can and Should Do in the Program."

### Illinois Awards Plaques to FFA Chapters

**T**he Chenoa Community High School Chapter of Future Farmers of America was pronounced the statewide winner in chapter activities for over-all excellence and was awarded for permanent possession the Illinois Bankers Association bronze plaque by Harry C. Hausman, secretary.

This award is for highest state honors and a similar plaque will be awarded each year by the Illinois Bankers Association to the chapter adjudged best in the state by the State FFA Chapter Contest Committee.

The occasion of the award was the 20th annual convention of the Illinois Association Future Farmers of America, held at the University of Illinois, Urbana. Boys representing the 439 high schools teaching vocational agriculture were in attendance.

Mr. Hausman also announced the winners of bronze plaques in the sectional contests in each of the 20 FFA sections in the state. The Illinois Bankers Association plaque for sectional honor is a traveling award and is engraved each year for 10 years with the winning chapter's name and remains in possession of the winning school throughout the year.

The actual presentation of the properly engraved plaques will be made soon after school opens in the Fall at each winning school.

### Ohio Bankers Study Soil

**S**oil improvement practices, selective use of land, and better farm business methods were studied by Ohio bankers through three recent field trips to outstanding Ohio farms, sponsored by the agricultural committee of the Ohio Bankers Association with the cooperation of the Extension Department of the College of Agriculture, Ohio State University, and the Federal Reserve Bank of Cleveland.



Forester Turi Johnson of Burton, Ohio, in cap, discusses a wooded area on the Howard Call farm with Ohio bankers

The farms visited were the Howard Call farm which specializes in dairying, Summit County, near Kent; the John Collins farm, general farming, Greene County, near Yellow Springs; and the Don Searfoss farm, general farming, Allen County, near Lima.

At each farm, the bankers, farmers, county agents, conservationists, and experts from the university toured the various fields during the morning and after lunch heard lectures on the projects visited.

Discussion leaders included C. W. McBride of West Salem, president of the Ohio Bankers Association; Edison Hobstetter, president of the Pomeroy National Bank who presided as chairman of the agricultural committee; Guy Miller, Earl Jones, Lyle Barnes and others from Ohio State University; J. E. Odegard, W. S. Ufer, Arthur Sanford and others from the U. S. Soil Conservation Service; F. W. Dean, extension forester, Wooster; county agents; and host farmers. Claude I. Hummel, agricultural specialist of the Federal Reserve Bank summarized each day's program.

### Washington Awards FFA Merit Certificates

**I**t is expected that 10,000 people will attend 100 meetings in the State of Washington, at which the Washington Bankers Association's certificates of appreciation are presented to the outstanding boy in the Future Farmers of America chapters scattered over the state. This estimate is based on the attendance at nine meetings in and around Yakima, which averaged around 200 persons each.

Usually these are dinner meetings attended by service clubs, chambers of commerce, granges, etc. The association has won public acclaim for its leadership in stimulating FFA member interest in agriculture.

### What the Farmer Expects of His Banker

**V**ERMONTERS, being the dyed-in-the-wool realists that they are, invited dirt farmer Elmer M. Montgomery to speak at the Farm Credit School at the University of Vermont last Spring on "What Farmers Expect of Their Credit Source." As the fourth generation Montgomery to operate a 600-acre (dairy) farm at Braintree, he knew most of the answers. Here are a few of them as viewed by Farmer Montgomery.

When a farmer enters a bank he is entitled to expect as good treatment as any other businessman who is dependent upon credit in order to operate successfully. . . . A better insight into the economic position of the farmer is necessary in dealing with him. . . . Demobilization of the armed forces sent two and a third million back to the farm, but

(CONTINUED ON PAGE 136)

# How To Know Whether Operations Are Profitable

MR. FREY, who is vice-president of the Union Bank of Michigan, Grand Rapids, is a member of the American Bankers Association's Consumer Credit Committee.

Analyzing certain banks' consumer credit costs shows that the average cost per transaction purchased from a dealer runs between \$9 and \$12. In our own institution our cost figures indicate a total acquisition cost of approximately \$7 on direct loans and \$10 to \$12 on indirect or dealer paper. It should be pointed out that these are cost figures and that adequate minimum charges should include a profit factor. In addition we have a 30-cent collection cost per payment, including posting, receiving and collection expense on delinquent accounts. It is understood, of course, that state banking and usury laws will govern maximum rates and therefore minimum charges. In our own institution we have held to a policy on direct personal and automobile loans of accommodating the borrower on small amounts. We recognize that we are making these loans at a loss, for our legal minimum charge is not sufficient to cover our costs. However, there are not enough in number of these small loans to make any appreciable difference in over-all profit and at the same time we may be building or assisting a lasting customer.

First of all, there are the direct expenses of a consumer credit department. All other expenses are general or indirect expenses, and they can be allocated to the consumer credit department on the basis of the ratio that direct expenses of the consumer credit department bear to the total direct expenses of the bank. As, for example, if the direct expenses of the consumer credit department are 25 percent of the total direct expenses of the institution, then allocate 25 percent of



**DON'T**—If the loan is unsound.

**DO**—If the loan is wise and you can repay without hardship.

When it's best to borrow it's best to get a bank loan. Ask for details.

**MONEY MATTERS • YOUR MONEY**



**Shall We Borrow?**

**DON'T**—If the loan is unsound.

**DO**—If the loan is wise and you can repay without hardship.

When it's best to borrow it's best to get a bank loan. Ask for details.

**MONEY MATTERS • YOUR MONEY**

the total of general or indirect expense to consumer credit.

Direct expenses of a consumer credit department are:

(1) *Salaries.* Salaries should be charged to the departments in which the employees are employed, while officers' salaries should be prorated on a basis of percentage of time allotted to each department. This latter allocation should be reviewed periodically for possible changes in personnel duties.

(2) *Credit information.*

(3) *Furniture and fixtures*, if charged to expense. If capitalized, this is part of rent. While it is common procedure for some banks to capitalize new furniture and fixtures, others charge them directly to expense. If charged to expense, the department using the equipment should be charged with the cost. If the charges are of a sizable amount, they may be prorated over a year's period. If these items are capitalized, this expense would be computed as a part of rent distribution.

(4) *Equipment and maintenance.*

(5) *Insurance* on cars and equipment used by the department. Fire and general insurance on buildings should be considered as a building expense and prorated to the various departments as a rental charge based upon occupancy or usage. Blanket bonds insurance should be allocated to departments based upon the percentage of salaries paid in each department to total salaries. Compensation insurance should be charged to departments on the basis of salaries chargeable to the department. Registered mail insurance should be charged to the department making use of it, less any recovery of costs or shipments from customers.

(6) *Legal expense.*

(CONTINUED ON PAGE 78)

# Consumer Credit News

## Consumer Credit Rise Moderate in Light of Prices and Income

*This digest of recently published fact and opinion was compiled by THEODORE FISCHER, editorial assistant on BANKING'S staff.*

CONSUMER credit outstanding reached a new peak of nearly \$14 billion at the end of May. Alarming? Not at all . . . not, that is, in terms of ratio of consumer credit to national income. Current business and credit figures, expressed as they are in terms of inflated dollars, have a way of setting new high records with some regularity; and while these larger totals might indicate a need for caution, they could scarcely be branded as alarming.

### Behind the Bald Statistics

If the amount of consumer credit outstanding is related to the amount of personal income after taxes, it will be found that the ratio is still almost one-third lower than the 1935-1941 average. Consumer credit outstanding has increased 90 percent over that average, while the rise in disposable personal income has been 160 percent! If the percentage of consumer credit outstanding to personal income after taxes were now the same as it averaged for the 1935-1941 period, the current total would be more than \$18 billion instead of less than \$14 billion.

While recovering from the initial shock of the high-sounding credit volume, it might be well to see further into the factors which keep pushing up the total. New strictures on the family budget might at first be thought to be a principal culprit; but, while this must be taken into consideration, it can take only a portion of the blame. The average family—perhaps this is astounding—has 2 percent more purchasing power now than it did at this time last year. For several months there have been no major breaks in the balance between costs and income, leaving buying power strong.

Proper weight must be attached to two factors: deferred demand for scarce items (such as automobiles), and the incidence of new products. New products play an important role in rising consumer credit totals. A single instance is television. The television industry is already producing sets at the rate of 51,000 a month. Many factories are running

extra shifts and the demand is not yet met. Many consumers feel that television already has become something which should not be denied their families, but the price is still high enough so that many of the purchasers choose not to pay cash.

### Automobiles

The demand for automobiles has not yet abated. The Federal Reserve Board, in a recent survey, discloses that 15 percent of all U. S. families bought a car in 1947. Automobile credit is a large item in the over-all consumer credit picture, and it probably will become larger. More cars will be sold in 1948 than in 1947. Near the end of June, the automobile industry showed that it was producing at about 5 percent above the 1947 totals for that period of the year—and the industry was using only about two-thirds of production capacity.

If this 5 percent margin can be maintained, a 5,000,000 unit year is possible. Providing that the steel supply situation doesn't tighten appreciably, a number of industry spokesmen have forecast a string of 500,000-unit months beginning with July. As more and more new cars appear, more and more loans will be made to finance them.

The rise in strictly instalment credit for the month of May of this year was 40 percent accounted for by automobile purchases. Most of the recent rise has been in durable goods—things which will long outlast the instalment-paying period—yet the total for durable goods is actually \$600 million below the prewar peak of 1941.

It should be remembered too, that more than half of the consumer credit outstanding consists of noninstalment items. These include store charge accounts, service accounts such as end-of-the-month bills for utility services, and many other items paid on a monthly basis.

### The Full Coal Bin

Another single item expected to bring a further increase in credit totals—coal. There is a vast promotion underway for the sale of coal through the warm months. Householders are urged to fill their bins now, against the possibility of

## Purposes for Which Personal Loans are Being Made

(From Survey by A.B.A. Credit Policy Commission; see page 50)

According to Use	FEDERAL RESERVE DISTRICTS												
	U. S. Totals	1	2	3	4	5	6	7	8	9	10	11	12
1.....	Auto.	Auto.	Auto.	H. A.	Auto.	Auto.	Auto.	Auto.	C. D.	Auto.	Auto.	Auto.	Auto.
2.....	H. A.	H. A.	C. D.	C. D.	H. A.	C. D.	H. A.	H. A.	Auto.	H. A.	H. A.	H. A.	H. A.
3.....	C. D.	C. D.	Sick.	Auto.	C. D.	H. A.	C. D.	C. D.	H. A.	C. D.	C. D.	C. D.	C. D.
4.....	L. Ex.	L. Ex.	H. A.	L. Ex.	L. Ex.	L. Ex.	L. Ex.	L. Ex.	L. Ex.	L. Ex.	Furn.	Furn.	L. Ex.
5.....	Sick.	Sick.	L. Ex.	Sick.	Bus.	Furn.	Bus.	Bus.	Furn.	Sick.	L. Ex.	L. Ex.	Furn.

Key: L. Ex. means living expenses; Auto., automobile; H. A., household appliances; Sick., sickness; Furn., furniture; Bus., business; C. D., consolidation of debts.

strikes, transportation difficulties, floods, fires, and Acts of God. This is not a new idea, the scale of its promotion is new. Many sources are afraid that much of the promotion value will be lost if not teamed up with an approach which says substantially. "Buy Your Coal NOW—Pay Next Winter When You're Using It."

### **The Family**

The Federal Reserve Board reveals that one out of every four families spent more than it earned in 1947. This could be done only by dipping into savings or by borrowing. No change in this figure is predicted.

Does that sound dangerous? Maybe; but how many people would be able to buy a home or a car if they lived entirely within their income? The output of refrigerators, ranges, furniture, and other durable goods would be cut to a fraction of present production. Think what would happen if business firms made no expenditures in excess of their current year's income.

The families—the one out of four—who spent more than they earned, were not all borrowers. Far from it. In 1941, between 18 million and 20 million families were users of consumer credit. Only nine million now use it.

### **Liquid Assets**

An important factor, and one usually overlooked, in interpreting the postwar expansion of consumer credit is the spectacular growth of the liquid asset holdings of the American people. Bankers know well that many people who finance a purchase could easily buy it out of savings. They would rather borrow and pay interest than to disturb an

investment or lower their precious savings account balance.

Holdings of cash, bank deposits, and government securities have tripled.

Many of the people who have borrowed for consumption have at the same time expanded their liquid assets, according to surveys of consumer finance. They could discharge personal indebtedness out of savings in the event a decline in personal income should make it necessary.

### **Price Rise**

Since 1941, the wholesale price level has almost doubled. The cost of living has risen more than 60 percent. Consumer credit has expanded only 40 percent . . . in other words, the expansion of consumer credit has been something less than proportionate. It becomes quite clear that something other than consumer credit expansion is responsible for inflation. At its present magnitude, consumer credit accounts for but a fraction of available purchasing power. Its influence on prices and economic conditions has been negligible.

### **Delinquencies**

A large expansion in consumer credit might be expected to bring about a concomitant rise in delinquencies. Banks in some sections have reported some delinquency rise, but not enough to make them curtail normal advertising activities in the consumer credit field. The rise, at this point, is something that is watched carefully; but it hasn't reached proportions considered at all dangerous.

For one thing, many consumer loans which have had to be listed as delinquent are of a gilt-edge variety. Banks are confronted with the same annoyance that a number of retail stores reported recently. Their worst "problem cases," they said, were the charge accounts of wealthy people who pay their bills periodically out of investments, dividends, interest payments, rents, and similar sources of income. Thus the bald statistics of credit delinquencies sometimes obscure "bad" debts of almost a desirable character.

There is, however, one new development to be reckoned with in any consideration of delinquencies. The tracing of "skips" has become increasingly difficult because of the new migratory tendency of such a large segment of our population.

A survey based on last year's residence shows that virtually half the U. S. population has moved since 1940—a group which must total some 70 million individuals.

### **Future Expansion?**

Shortages of consumer durables have limited the amount of credit to finance instalment sales. As these durables reach greater supply, there will doubtless be further increases in the volume of such credit.

In view of the increase in consumer income and the higher price level now existing, many authorities view further increases in consumer credit as but a normal development. In terms of the economic picture, the increase in consumer credit has certainly been moderate. Those who predicted it would be a powerful inflationary force which called for rigid Government curtailment, have been proved wrong.

True, the American consumer does owe about 40 percent more than he did at the 1941 peak—but he has more than twice as much income which he can apply to interest and principal on his indebtedness. Considered in this light, it becomes apparent that consumer credit could expand to a markedly higher level before constituting any real economic danger.



**AN ECONOMIST IS A  
PERSON WHO KNOWS  
ALL ABOUT MONEY  
BUT HASN'T ANY.  
—THEREFORE A  
MARRIED MAN IS AN  
ECONOMIST.**



# FIELD WAREHOUSING

## Warehouse Receipt Loans Against Inventory

FIELD WAREHOUSING . . . for Warehouse Receipt Loans against goods stored right on your customers' own premises. Our Field Warehouse Service . . . operated in strict accordance with sound public warehouse practice . . . affords you maximum security.



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**New York Terminal Warehouse Company**  
25 SOUTH WILLIAM ST., NEW YORK 4, N. Y.

# Check Routing Symbol Progress

MELVIN C. MILLER

Mr. MILLER is deputy manager of the American Bankers Association in charge of the Bank Management Commission.

THE check routing symbol program (as evidenced by the volume of checks in circulation properly bearing the symbol) has now passed the halfway mark in proportion to total checks in circulation. According to the last survey made by the Federal Reserve banks, the average for the entire country, expressed as a percentage of checks bearing the routing symbol to total checks, was 54.2 as of June 1, 1948.

The general support which is being given to the program, as evidenced by the number of banks which have the routing symbol on at least some of their checks in circulation, may be measured by the percentage of 97.8, which indicates the

percentage of par banks to total banks which have the routing symbol on at least some of their checks.

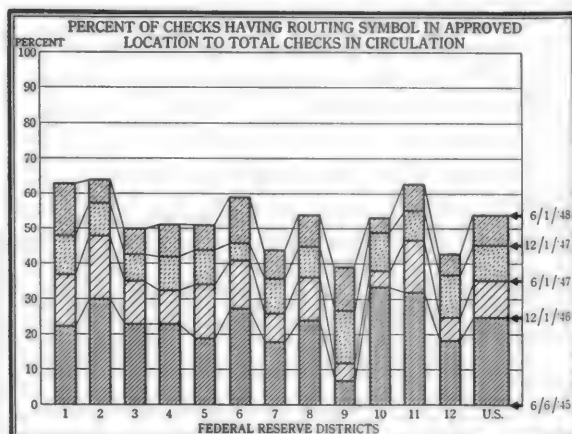
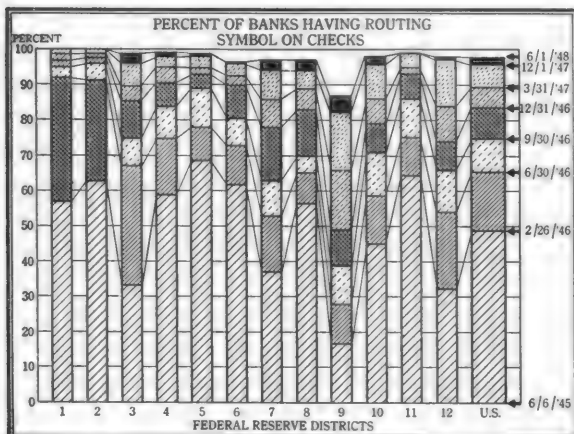
The routing symbol program was introduced three years ago. At the time it was contemplated that it would probably take five years before the program would become fully effective, because of the fact that it was believed that it would be necessary for more than 75 percent of checks to have the routing symbol thereon before the symbol could be effectively used.

While this point has not yet been reached, many banks are already beginning to make use of the routing symbol in their transit departments.

The charts and graphs below tell the story of the progress of the program as measured by the various surveys which have been made.

STATUS OF THE CHECK ROUTING SYMBOL PROGRAM AS REPORTED BY  
FEDERAL RESERVE BANKS AS OF JUNE 1, 1948

District	No. of Par Banks in Survey	Per Cent of Total Number of Par Banks Having Routing Symbol on Checks	No. of Outgoing Checks Examined	No. of Checks with Routing Symbol	Per Cent of Total 12/1/47
1—Boston . . . . .	480	100	215,968	136,549	63
2—New York . . . . .	918	100	669,773	426,318	64
3—Philadelphia . . . . .	843	99	127,964	63,435	50
4—Cleveland . . . . .	1,148	99.4	376,989	191,489	51
5—Richmond . . . . .	798	99	324,671	164,495	51
6—Atlanta . . . . .	573	96.7	347,873	204,488	59
7—Chicago . . . . .	2,729	97	309,696	135,299	44
8—St. Louis . . . . .	1,155	97	590,384	317,109	54
9—Minneapolis . . . . .	627	87	69,888	27,214	39
10—Kansas City . . . . .	344	98	218,932	115,168	53
11—Dallas . . . . .	923	99	250,818	157,668	63
12—San Francisco . . . . .	1,485	98	356,943	152,377	43
TOTALS . . . . .	12,023	97.8	3,859,899	2,091,609	54.2



# The "personal" story behind the pictures...

A widow now enjoys the security and regularity of income provided by the foresight of her husband. — A preserved inheritance has enabled a young man, orphaned early in childhood, to purchase a business. — A trust under her father's Will has made it possible for a daughter to complete her higher education. The money management which protects the security of these people, and thousands like them, is administered by your bank!

This is the business of Manufacturers Trust Company's Personal Trust Department — competently, efficiently, and economically to administer Estates and manage Trust property placed in its keeping. The bank welcomes the opportunity to assume and discharge these responsible duties either alone or with others. And the fees for this service are fixed by law and are no more than those paid to individual executors or trustees.

In the statement below, the assets of these estates and trusts do not appear because they are not the property of the bank. They are, as required by law, separately and responsibly held by the bank as the sole property of the estate or trust to which they relate.

This is one of Manufacturers Trust Company's most personalized services—for no two estates, no two trusts, are ever alike, and each requires different understanding, yet always expert management. It is another human chapter in the story of money at work . . . a service of our bank that promotes financial safety and security for our families, our neighbors, and our community as a whole.

*Harvey D. Gibson*  
PRESIDENT

## CONDENSED STATEMENT OF CONDITION As at close of business June 30, 1948

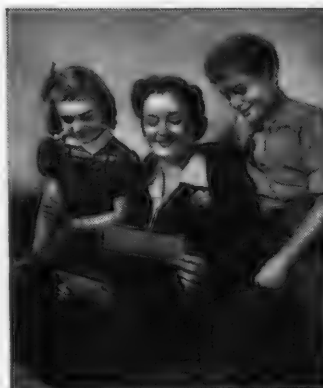
### RESOURCES

Cash and Due from Banks . . . . .	\$ 602,840,245.16
U. S. Government Securities . . . . .	1,023,252,343.68
U. S. Government Insured F. H. A. Mortgages . . . . .	2,934,264.45
State and Municipal Bonds . . . . .	21,078,705.28
Stock of Federal Reserve Bank . . . . .	3,037,500.00
Other Securities . . . . .	18,769,921.37
Loans, Bills Purchased and Bankers' Acceptances . . . . .	555,347,284.04
Mortgages . . . . .	15,160,439.39
Banking Houses . . . . .	10,206,041.24
Other Real Estate Equities . . . . .	233,980.73
Customers' Liability for Acceptances . . . . .	5,891,554.86
Accrued Interest and Other Resources . . . . .	6,932,883.73
	<u>\$2,265,689,163.93</u>

### LIABILITIES

Capital . . . . .	\$41,250,000.00
Surplus . . . . .	60,000,000.00
Undivided Profits . . . . .	25,425,176.07
	<u>126,675,176.07</u>
Reserve for Contingencies . . . . .	6,874,630.95
Reserves for Taxes, Unearned Discount, Interest, etc. . . . .	5,555,158.19
Dividend Payable July 1, 1948 . . . . .	1,237,500.00
Outstanding Acceptances . . . . .	6,669,342.90
Liability as Endorser on Acceptances and Foreign Bills . . . . .	2,319,435.62
Deposits . . . . .	2,116,357,920.20
	<u>\$2,265,689,163.93</u>

United States Government and other securities carried at \$62,616,384.25 are pledged to secure public funds and trust deposits and for other purposes as required or permitted by law.



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## Manufacturers Trust Company

55 Broad Street, New York 15, N. Y.

Members Federal Deposit Insurance Corporation



## FORGED COUNTERSIGNATURE

**T**HE finding in Maryland Casualty Co. v. Central Trust Co., reported in August 1947 **BANKING** has been overturned. The case involved a bank's liability for paying checks of a bankruptcy estate account on which the trustee had forged the referee's required co-signature. The canceled checks were returned to the referee and the forgeries not reported until some of the vouchers had been in his hands for more than one year. It may be recalled that it was previously held that return of the vouchers to any officer of the bankruptcy court, including the referee, constituted return to the depositor, and that the estate thus could not recover on any of the checks. The A.B.A.'s recommended Payment of Forged or Raised Check Act was held to bar recovery on those returned more than a year; the referee's failure to discover the older forgeries was held to be negligent and to bar recovery on the later forgeries since his negligence had made them possible.

The Court of Appeals, however, now rules that since in its opinion only the trustee is the depositor of a bankruptcy account, the checks should have been returned to him, rather than to the referee. Furthermore, says the court, the Forged and Raised Check Act as enacted in New York has no application to the case, since it is meant to cover only the forging of the maker's signature or the raising of his check, and not forgeries of countersignatures required by court rules.

Therefore, the court holds, the drawee bank, which was obligated to pay only on genuine countersignatures, must bear the loss on all of the checks, and points out that the bank, though innocent of wrongdoing, assisted the dishonest trustee by its own negligent failure to recognize the forgeries.

Had the vouchers been returned to the trustee, it seems that the bank would still derive no comfort, since the court opines that a trustee who failed

to give notice of his own criminal acts would not be "negligent" so as to bar recovery by his estate. 79 N.E.2d 253. P.D. Forged Paper §§1A:1, 8:2, 8:4, 8:8, 8:11.

## FAILURE TO STOP PAYMENT

The confusion of judicial opinion concerning the right of a bank to relieve itself of liability for failure to stop payment of a check is not made less by a decision of the Ohio Supreme Court, wherein it declined to enforce a clause, in a stop payment order, which provided that the bank would not be liable to its customer for payment of his check through inadvertence or oversight.

Similar clauses have been upheld in some states on the grounds that a bank's common law liability for paying a check in disregard of the drawer's countermand may be limited by contract, the consideration for which "springs from the mercantile relation of the parties and the reciprocal rights and obligations which the law attaches to that relation."

The Ohio court felt differently. Among the reciprocal rights and obligations inherent in the relationship between a bank and its depositor, it said, is the bank's duty not to pay a check after receiving an order, in any form, oral or written, which conveys a definite instruction to stop payment. Since the depositor is not required to sign anything, a release from liability, to be enforceable, must be supported by consideration.

On this point the court found the essential elements of consideration lacking. The depositor, instead of receiving benefit for his promise, actually suffered detriment; the bank, instead of suffering detriment, received benefit.

*References to P. D. are to sections of Paton's Digest which contain general discussions of principles involved in the reported cases.*

Therefore, the release was held void for want of consideration.

Furthermore, the court stated that since it is "elementary" that a bank is required by law to act in good faith and exercise reasonable care in its relationship with its depositors, the release was contrary to public policy and did not relieve the bank of its legal duty.

But the court was apparently unwilling to leave things in quite such simple and understandable condition for, in a final statement, it intimated that a bank might not be liable for failure to honor a stop payment order if, instead of basing its defense on a release clause, it alleges and proves that it exercised good faith and reasonable care in the course of failing to perform its duty. *Speroff v. First-Central Trust Co.*, 79 N.E.2d 119. P.D., Stopping Payment §7.

## MOBILE CHECK CASHER

The Illinois Supreme Court has ruled that that state's Community Currency Exchange Act, regulating check cashers, does not apply to a company maintaining a fleet of trucks for the sole purpose of calling at various factories to cash employees' payroll checks under contracts with their various employers. The reasoning behind the decision is interesting:

The validity of the act had previously been upheld insofar as it applied to check cashers operating at fixed locations.

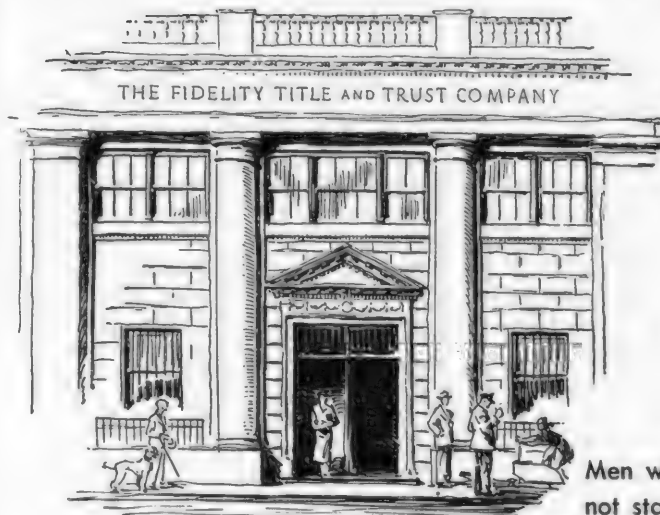
To apply the act here would, the state supreme court held, drive the defendant out of business, since a separate license would be required for each of his trucks, and the cost of the licenses would be prohibitive.

A business, such as the defendant's, which is in itself innocent and harmless, cannot be arbitrarily legislated out of existence.

Where possible, courts should interpret statutes so as to render them valid rather than invalid.

(CONTINUED ON PAGE 70)





## 38 YEARS AGO CHRISTMAS CLUB PIONEERED WITH FIDELITY TITLE & TRUST COMPANY

Stamford, Connecticut

Men who are now gray-haired veterans had not started to think about fighting in the first World War when the Fidelity Title & Trust Company of Stamford joined with Christmas Club in offering a new service to its depositors. That service has been maintained ever since.

At that time, 1911, the total assets of the Fidelity Title & Trust were \$1,007,000.00.

Through the years the progressive management of this company has made very substantial progress. Its total assets are now \$17,421,206.00.

It is natural that financial executives of ability and vision should see the advantages which Christmas Club brings to a bank.

Christmas Club is not only a vast training school in thrift through which over Ten Million Americans are learning to save steadily. It is also a creator of business for banks. Christmas Club members, making their deposits in the same bank week after week, soon think of it as *their* bank, and they are good prospects for many financial services—*banks that have Christmas Club are banks that grow.*



JOHN L. PARRY  
PRESIDENT

Fidelity Title & Trust Co.  
Stamford, Connecticut



# Christmas Club

a corporation • FOUNDED BY HERBERT F. RAWLL

341 MADISON AVENUE, NEW YORK 17, N. Y.

**BUILDS SAVINGS • BUILDS CHARACTER • BUILDS BUSINESS FOR BANKS**



(Above names are fictitious)

It's tedious, time-consuming, costly... when clerks have to handle transit items the old-fashioned way. For then they have to describe every check on cash letter forms. Because of all this description, even expert clerks cannot handle checks rapidly... and can't help making occasional transcription errors.

And when a transit letter goes astray, delays, losses to the bank, and inconvenience to depositors are unavoidable.

But when transit items are handled the Recordak way... all these disadvantages are done away with.

Expensive, time-consuming description is eliminated by the Recordak Transit System.

With it, clerks make only a listing. Fast, accurate photography makes the rest of the record. No chance, here, for transcription errors; and clerks can handle checks many times faster.

No tie-ups, no inconvenience to depositors either, should transit letters be lost or destroyed. With the Recordak Transit System you can get facsimiles of every item in short order... and get them free.

To learn all the advantages of the Recordak Transit System... as thousands of leading banks have done... write for "IN BANK AFTER BANK AFTER BANK."

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(Subsidiary of Eastman Kodak Company)  
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737  
6091  
21  
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**RECORDAK**

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originator of modern microfilming—  
and its application to banking systems

## Legal Page

(CONTINUED FROM PAGE 66)

Therefore, the act remains valid, but does not apply to the defendant, who thus remains in business.

The court pointed out, however, that its decision was limited to the application of the act and did not mean that the defendant's business might not be subject to reasonable regulation short of complete suppression. *People v. Thilens*, 79 N.E.2d 609. *P.D.*, Checks, §29:1.

### OPTIONS TO PREPAY NOTE

The terms of a note which gave the maker two separate options for prepayment of principal have been construed by the federal district court for Eastern Missouri to allow the maker to save himself some money by exercising both options simultaneously.

The maker was obligated to repay \$1,600,000 in quarterly instalments of \$30,000, covering both principal and interest. He could prepay the entire note subject to a 5 percent penalty, but he could also make prepayments of principal up to \$200,000 in any one year without penalty.

To settle a dispute which arose when the note was prepaid, the court upheld the maker's contention that the terms of the note contained no language which "directly or by implication" prevented him from retiring the note in one payment representing the entire principal, plus 5 percent of only that part of it in excess of \$200,000. *Jefferson Hotel Co. v. Jefferson Standard Life Ins. Co.*, 77 F.Supp. 460.

### CHECK OF NON-DEPOSITOR

In North Carolina, a check drawn by one who does not have an account with the drawee bank has the effect of a forged check when the bank pays it and then attempts to recover its proceeds from an innocent holder for value.

One Marshburn drew a check and informed the payee that funds to pay it would not be on deposit until after a certain date. The payee waited until after the stipulated time, then presented the check and received payment through regular collection channels.

It developed that Marshburn had no account with the drawee bank, but that another Marshburn did, and that the check was paid in the mistaken belief that it was drawn by the latter Marshburn.

When the bank discovered its mistake and sought to recover from the payee, the state supreme court found,

first, that he had acted throughout "in the utmost good faith" and was a "bona fide holder for value and without fault." He took the check in payment of an antecedent debt; presented it at a time when it was represented that funds would be available; did not contribute to the bank's mistake, and had no reason to know that he received the money through a mistake.

Then, confronted by two innocent parties, the court decided that the bank should take the loss. Although it had no evidence but that Marshburn, now dead, had honestly intended to deposit funds to cover the check, the court felt that the case was in essence the same as though he had deliberately forged the other Marshburn's signature and, in the absence of an exact precedent, should be treated under rules applicable to forged checks.

A lower court had found for the bank, but the supreme court stated that the rule here, as with a forged check, should be an exception to the general principle allowing recovery of money paid by mistake, and intimated that reasons of convenience and necessity prompted its decision. *Nat'l Bank of Sanford v. Marshburn*, 42 S.E.2d 793. *P.D.*, Forged Paper, §1B:1.

### DORMANT ACCOUNTS

The Pennsylvania Supreme Court has held national banks subject to a state law providing that bank deposits which have been inactive for 10 years shall be paid into the state treasury for safekeeping.

Objections had been made to the act on the grounds that it impaired the contract between bank and depositor, failed to provide for due process of law, and

created an unconstitutional interference with the national banking system.

The court pointed out that a bank merely contracts to keep money on deposit until its owner demands its return. The statute in question provides for surrender to the state after expiration of the time fixed by law to raise the presumption that an owner has died and left no heirs to claim his property. The validity of escheat laws, which provide that title to such property shall revert to the state, has been sustained without any suggestion that they impair the obligation of contracts, said the court, and therefore the "much milder operation" of merely taking possession of escheatable funds, subject to return upon proof of ownership, should be clearly valid. Furthermore, the court noted, banks are not tontine societies and may not retain unclaimed funds for the eventual benefit of surviving depositors and stockholders.

Although the law provides for notice by mail to a depositor's last address and by newspaper advertisement, prior to the taking over of his deposit, its opponents claimed that it made publication of notice optional rather than mandatory and therein violated the requirements of due process. The court questioned whether there was in fact such an option and also expressed doubt that any notice at all is required, but stated that in any event the required notice by mail satisfied the needs of due process.

So far as application of the law to national banks is concerned, the court relied upon decisions of the Supreme Court of the United States. It cited the proposition that a state law becomes unconstitutional only when it prevents a national bank from discharging its duties to the Government and declared that the law in question did not do that. It likened the Pennsylvania law to a Kentucky abandoned property law which also provided for a mere change in custody of funds and was held applicable to national banks. It distinguished cases which had held escheat laws inapplicable to national banks and found that the law here involves no confiscation or transfer of title from the depositor to the state, no escheat by reason of mere dormancy of an account, and therefore no danger of causing depositors to refrain from making deposits in national banks, especially since they may at any time reclaim their deposits from the state, which meanwhile pays interest and is "the safest possible custodian" of the money. *In re Certain Moneys, etc.*, 59 A.2d 154. *P.D.*, Deposits §17.



**STATISTICS SHOW  
GREAT INCREASES IN  
MARRIAGES. LIFE  
SEEMS TO BE JUST  
A MARRY CHASE.**





1. Dishonesty of employees

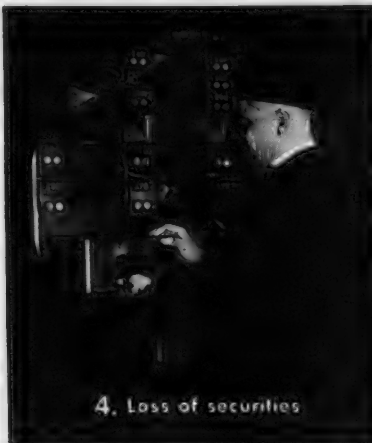


2. Loss inside premises



3. Loss outside premises

**PROTECT**  
your business  
against these  
Five Major  
Hazards with  
*One Policy*



4. Loss of securities



5. Loss by forgery and alteration



*This Man can tell you how*

HE will tell you how Comprehensive Dishonesty, Disappearance and Destruction Insurance can give your business maximum protection against loss from commonly-occurring employee dishonesty, disappearance or destruction of money and securities . . . with a minimum of premium outlay. The "3D" policy does away with several

policies and bonds . . . some perhaps overlapping or so widely separated as to leave dangerous loopholes.

Ask this man—your local USF&G Agent—about this convenient package of insurance protection. He knows your insurance problems. Consult him today. There is no obligation.

"Consult your Insurance Agent or Broker



as you would your Doctor or Lawyer"

**U.S.F.&G.**

United States Fidelity & Guaranty Co., Baltimore 3, Md.  
Fidelity & Guaranty Insurance Corp., Baltimore 3, Md.  
Fidelity Insurance Co. of Canada, Toronto

*"The National Guard Defends America . . . Join Now"*



CHARLES PHELPS COBBING

Seventh in a series of famous skylines — Cleveland, with Great Lakes ships on the Cuyahoga River in the foreground, and the Terminal Tower, tallest U. S. skyscraper outside New York City

#### H. EUGENE DICKHUTH

MR. DICKHUTH, a financial writer on the New York Herald Tribune, is a regular contributor to BANKING.

**I**N the over-all picture as it affects government securities, there is a good deal of uncertainty, and much of it, of course, is political. Presidential elections and the possibilities of a change in regime always raise the question of a new policy and what it might be. Happily, there is no prospect of radical changes if Governor Thomas E. Dewey should move into the White House next year. However, the government securities market is so sensitive that frequently minor events can disturb its equilibrium.

What is troubling traders now, for example, is the possible maintenance of the  $2\frac{1}{2}$  percent issuing rate for long-term marketable bonds. It is argued in some quarters that if relatively large scale buying of obligations by the Federal Reserve banks should become necessary in the next few months, continuation of current pegs is in doubt. Should they be lowered, the influence on the entire market structure is indisputable. Some of the recent pressure on the market came from selling to raise funds for the purchase of F and G bonds. However, some of the long-term securities have a certain amount of scarcity value for commercial banks. Their yield is excellent and sale of such bonds in large amounts is highly unlikely in a period of rising interest rates where it is imperative that bank income be maintained, particularly in the face of rising costs.

So far as the outlook beyond 1949 is concerned, there is no doubt that the Republican candidate for the Presidency would ingratiate himself with the financial community and with business and industry, generally, if he were to depart from the normal generalities of campaign speeches and outline what Treasury policy would be likely to be followed

in the event of his victory. Nobody expects, of course, the Republicans to take a radically differing view on interest rates, since the necessity for cheap money is predicated on the servicing of the huge public debt.

However, there are certain definite approaches to banking and industry which can have a profound effect on the market, even if no radical changes are in the offing. Two specific cases come to mind. One may affect the utilities and the large financing of the next few years in that field to take care of increased loads of industry.

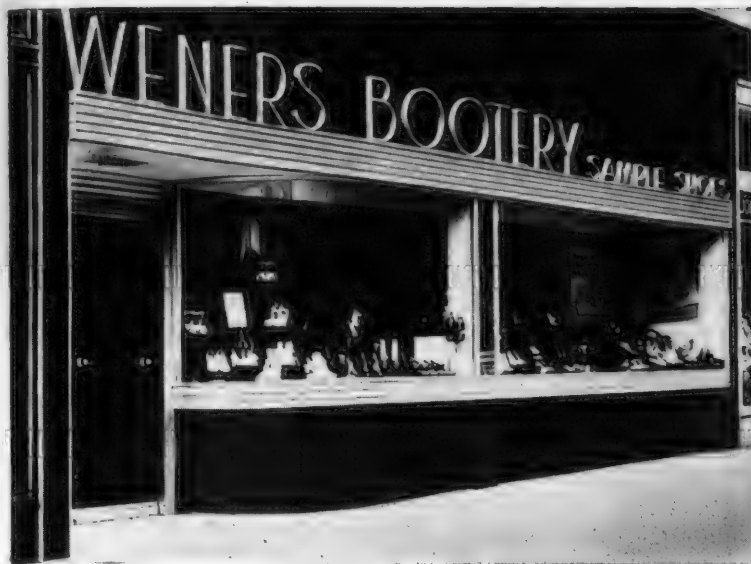
In fact, if a halt should be called to the expansion of public power, as exemplified by the Tennessee Valley Authority and its subsidized low rates with which private plants cannot compete, it would certainly be a considerable boon to industry, psychologically and marketwise. There is no question that public power has a distinct place in the nation's economy, but there is no reason why it cannot be evolved on a sound basis and work equitably along with a healthy private utility industry rather than be subsidized from public funds and be used as a vehicle for social experimentation, which has had a harmful effect on many segments of the investment markets.

Another point where Republican reassurance would provide an uplift for the financial community would be a policy statement of Securities and Exchange Commission operations and their administration. It is no secret, for instance, that competitive bidding rules, as they have evolved, in many cases have become an impediment which is economically unsound. The Interstate Commerce Commission and public service commissions of the states are also involved in this picture. The legal necessity for competitive bidding for certain new issues has become a straitjacket. In many

(CONTINUED ON PAGE 132)

## WHY SMART, DISTINCTIVE STORE PROPERTIES

*bring in bigger revenue*  
*...hold worthwhile tenants longer*



AFTER

WHEN YOU MODERNIZE your store properties like this, you will literally have tenants fighting for long-term leases. And, when you allow loans to individual merchants for such work, you have the soundest loan risks possible.



BEFORE

EVEN with today's scarcity of available stores, progressive merchants want a place that is modern, attractive . . . that stands out in the community. They realize that modernization means more customers, greater sales, higher profits. And when store properties handled by your bank are remodeled to give retailers these advantages, you can be sure that you will have tenants clamoring for them. The result is more revenue for your bank—long-term leases held by worthwhile merchants. The banks that have modernized their store properties with Pittsburgh Glass and Pittco Store Front Metal have proved this to their profit.

Then, too, there are scores of retailers in your community who, spurred on by our consistent advertising in twenty-three leading retail magazines, are anxious to modernize their stores. Most of these merchants require cash to carry out their programs. And this represents an additional opportunity for your bank to make loans on a sound basis.

We believe you will be interested in receiving a copy of our new book, showing how Pittsburgh Glass and Pittco Store Front Metal have been utilized to bring greater "eye-appeal" and profit-pull to countless businesses. Why not fill in and return the coupon, now?

Pittsburgh Plate Glass Company  
2284-8 Grant Building, Pittsburgh 19, Pa.  
Without obligation on our part, please send us a FREE copy of your brochure, "Modern Ways for Modern Days."

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_

# "PITTSBURGH"

## STORE FRONTS AND INTERIORS



PAINTS • GLASS • CHEMICALS • BRUSHES • PLASTICS

PITTSBURGH PLATE GLASS COMPANY



# Other Organizations

## Kentucky School

**T**HE Kentucky School of Banking will be conducted at the University of Kentucky, Lexington, August 16-20. The school is jointly sponsored by the state bankers association, the university and the State Department of Banking.

Designed primarily for medium size and smaller banks, the curriculum will be of especial value to junior officers, department heads and key clerical personnel. Subjects on the schedule include various phases of internal bank operations, public relations, credits, economics, mortgage financing, negotiable instruments, business speech, banking trends, psychology of human relations and customer and community relations.

## New Hampshire Secretary

The New Hampshire Bankers Association has designated as its new secretary Curtis C. Chase, trust officer, Merchants National Bank, and treasurer, Hillsborough County Savings Bank, both of Manchester. Mr. Chase succeeds Nute B. Flanders, who continues as secretary of the Savings Banks Association of New Hampshire.

## IBA Nominations

Hal H. Dewar, partner in the San Antonio investment firm of Dewar,

Robertson & Pancoast, has been nominated as the next president of the Investment Bankers Association of America. Named with Mr. Dewar were the following nominees for vice-president: Albert T. Armitage of Coffin & Burr, Inc., Boston; Hazen S. Arnold of Braun, Bosworth & Co., Toledo; John F. Fennelly of Glore, Forgan & Co., Chicago; Joseph T. Johnson of The Milwaukee Co., Milwaukee; Laurence M. Marks of Laurence M. Marks & Co., New York.

Announcement of these nominations was made by Julien H. Collins, Chicago, president of the association. Election will be at the organization's annual convention, December 5-10, at the Hollywood Beach Hotel, Hollywood, Florida.

## School in Fargo

A "short course for young bankers" was recently completed under the sponsorship of the North Dakota Bankers Association. It was evolved, says *The Commercial West*, "as a quick way in which to inculcate young people entering banking with a few general precepts of the profession."

Director of the school was A. O. McLellan, vice-president and assistant trust officer, Merchants National Bank and Trust Company. Instruction during the course was handled by the Fargo American Institute of Banking Chapter, headed by E. Maine Shafer, assist-



W. Albert Hess, new executive director of the Consumer Bankers Association, whose headquarters is in Washington. Mr. Hess was formerly vice-president of the Industrial City Bank and Banking Company, Worcester, Mass., and, prior to that, assistant vice-president, The Bank of Virginia at Norfolk. He succeeds Gary M. Underhill, now executive vice-president, The Charter Bank of Philadelphia

ant cashier, First National Bank & Trust Company.

A practical aspect of the training was the program of watching actual operations two hours a day in local banks.

## BAFT Officers

A. W. Roberts, vice-president, Continental Illinois National Bank & Trust Company, Chicago, is the new head of the Bankers Association for Foreign Trade, succeeding P. A. Kinnoch, vice-president, American Trust Company, San Francisco.

Vice-presidents elected were: Charles W. Brugger, vice-president, Irving Trust Company, New York; O. L. Carlton, vice-president, Central National Bank, Cleveland, and W. J. Gilstrap, vice-president, Wells Fargo Bank & Trust Company, San Francisco.

F. C. Lexa, assistant vice-president, Mercantile-Commerce Bank & Trust Company, St. Louis, was elected secretary, and Ralph Wahlborg, vice-president, Marine Trust Company, Buffalo, was elected treasurer.

Oregon Bankers Association cowboy breakfast, to which special guests came in a stagecoach. According to reliable reports, the weather, food and fun were all of the best quality





## Advertising Appropriations

A pamphlet entitled "A Study of Bank Advertising Expenditures for the Year 1947" has been published by the Financial Public Relations Association. It was compiled by D. H. Tuttle, director of public relations at the First National Bank of Memphis.

In the foreword, Mr. Tuttle points

out that response to the FPRA's questionnaire was "a bit slow and somewhat disappointing in volume," but "the results represent every size and type of commercial bank and constitute a fair sampling of their advertising activities."

The survey follows a general pattern already established. Reporting banks

have been broken down into 12 size groups, according to deposits.

A number of statistical tables present the information in convenient form. The final table, "Estimates of 1948 Expenditure," shows that eight of the size groups show an increase for 1948 of up to 18.6 percent in their advertising budgets.

## NEW STATE ASSOCIATION PRESIDENTS

(Continued from July, Others will appear as BANKING receives photos.)



Left to right: COLORADO, T. A. Dines, chairman of the board, United States National Bank, Denver; CONNECTICUT, Charles T. Treadway, Jr., president, Bristol Bank and Trust Company; NEW HAMPSHIRE, E. C. Hirst, First National Bank, Concord; WEST VIRGINIA, Louis J. Yaeger, president, National Exchange Bank, Wheeling



Left to right: SOUTH DAKOTA, J. M. Lloyd, vice-president, American State Bank, Yankton; UTAH, Junius A. West, vice-president and cashier, Bank of Pleasant Grove; VERMONT, Samuel Hutchins, Jr., vice-president, Wells River Savings Bank; WASHINGTON, Philip A. Strack, president, Peoples National Bank of Washington, Seattle



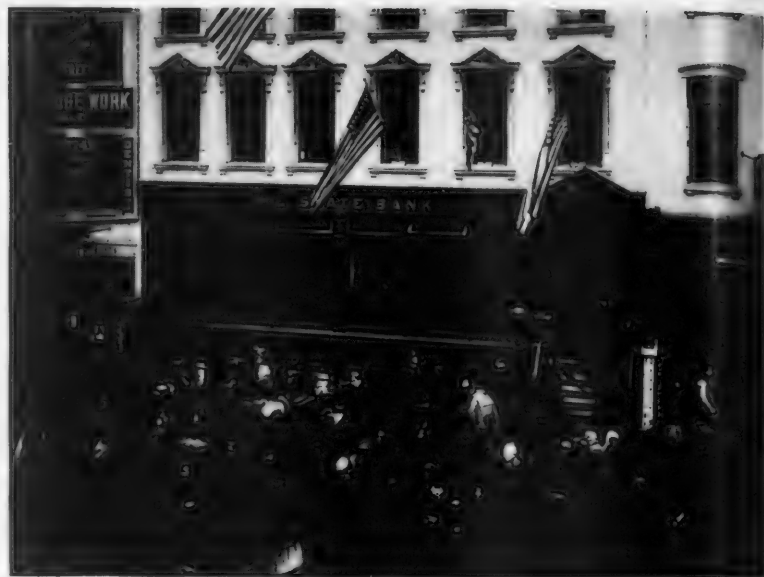
Left to right: SOUTH CAROLINA, Burnell Sloan, vice-president and cashier, First National Bank of South Carolina, Columbia; PENNSYLVANIA, Russell J. Hopkins, president, Titusville Trust Company; NEW HAMPSHIRE, Clinton W. Eastman, treasurer, The Littleton Savings Bank; and WYOMING, Robert Bible, vice-president and trust officer, First National Bank, Rawlins

# 40 Years after the National Monetary Commission

**W**INTHROP W. ALDRICH, chairman of the board, The Chase National Bank of New York, has suggested that "the current inflation makes clear the need for constructive action, of a long-term character, in the field of monetary and banking legislation." Therefore, he states, "a monetary and credit commission should be established with authority, powers and expert assistance to make the necessary studies and report its findings to the Congress." The commission, consisting of members of the Congress and authorities and experts from the outside, should study among other things the future place of gold and silver, the role of the Treasury and the Federal Reserve System in the control of credit, the question of an appropriate interest rate policy and many other questions, according to Mr. Aldrich, who adds: "The Federal Reserve Act itself is in need of thorough re-examination from the point of view of its administrative framework, the relation of the . . . System to other banking supervisory agencies, reserve requirements, discount and open-market powers and the issuance of Federal Reserve notes."

Once before, in 1908, Congress created a National Monetary Commission and it was Mr. Aldrich's father, the late Senator Nelson W. Aldrich of Rhode Island, who sponsored and headed it. That commission consisted exclusively of Senators and Representatives, although it made extensive use of private authorities in its more than three years of life. It produced several library shelves of reports—two dozen volumes—and a central bank proposal on which the Federal Reserve System was unmistakably based.

Today interest in studying monetary and credit policy with a view to streamlining the patchwork structure of currency and banking laws and regulations stems chiefly from the inflation which



" . . . the focus of interest when the National Monetary Commission was created in 1908 was the need to counteract not inflation, but deflation." Above, 1907 panic scene

has been steadily consuming the value of the dollar.

Seen in retrospect, the focus of interest when the National Monetary Commission was created in 1908 was the need to counteract not inflation but deflation. For decades after the Civil War the country had suffered from depressions and politics was dominated by the money question. That was the period of the silver purchase acts, ended by the special session of Congress in 1893. The panic of that year demonstrated the inadequacy of national bank notes and gave rise to various proposals for "asset currency." That year the A.B.A., at its annual meeting in Baltimore, produced the famous Baltimore Plan, a modification of the Canadian system of guaranteed note issues.

## The Panic of 1907

After the silver-gold battle of the 1896 Presidential campaign the asset currency idea got further impetus at the Indianapolis Currency Convention of 1897-98, a gathering sponsored by bankers and businessmen. During the early 1900's business was better, but the sudden, disastrous banking panic, starting with the failure of the Knickerbocker Trust Company on October 22, 1907, emphasized the banking and credit breakdown, stimulated the quest for protection of the gold reserves, revived the idea of a central bank, and gave rise to various moves in the Congress. One of these was the enactment of the Aldrich-Vreeland bill, the most

important feature of which, as it developed, was the creation of the National Monetary Commission.

The National Monetary Commission was in existence from the end of May 1908 until it made its report in January 1912. In accordance with its recommendations, Senator Aldrich introduced a bill to set up a central bank with 15 branches. Unfortunately for the Aldrich bill, it was introduced just when the agitation for an investigation of the "money trust" was at its height. Moreover, the political complexion of Congress was changing. The Republican Party did not actively support the Aldrich bill and the Democratic platform specifically opposed it. Hence it had no chance; but under President Wilson the Federal Reserve Act was passed.

A thorough study of monetary and credit policy and the evolving of a long-range program, if undertaken by the next Congress, is sure to be protracted.

Almost 10 years ago, in 1939, Senator John G. Townsend (R., Del.) sought a thorough investigation. His effort was responsible for the Senate's adoption of S.Res. 125, authorizing the Banking and Currency Committee to conduct a study. But this got no further than the preparation of a questionnaire of 83 printed pages.

HERBERT BRATTER

*Further discussion of the suggestion regarding a National Monetary Commission appears in the article by E. Sherman Adams on page 46.*



## Watered Investments!

All investments—good or otherwise—are “watered”! Without water, there can be no farms, no food, no cities, no industries . . . nothing in which energy, skill, and money can be invested.

Fairbanks-Morse has spared no effort in designing and building pumps that help assure an unfailing supply of this important commodity for home, farm and industry . . . Fairbanks, Morse & Co., Chicago 5, Illinois.



When it comes to pumps . . . **FAIRBANKS-MORSE**



**A name worth remembering**

DIESEL LOCOMOTIVES • DIESEL ENGINES • STOKERS • SCALES • MOTORS • GENERATORS • PUMPS • RAILROAD MOTOR CARS and STANDPIPES • FARM EQUIPMENT • MAGNETOS

August 1948

77

## Serving this Northern California Area



HEAD OFFICE

AMERICAN TRUST  
COMPANY

BANKING  
Since 1874

SAN FRANCISCO

## Statement of Condition

AT THE CLOSE OF BUSINESS JUNE 30, 1948

### RESOURCES

Cash on Hand and in Banks	\$195,934,440.50
U. S. Government Obligations	369,950,592.82
Obligations of Other Federal Agencies	3,858,564.67
State, County, and Municipal Bonds	33,160,719.34
Other Bonds and Securities	3,268,797.66
Stock in Federal Reserve Bank	870,000.00
Loans and Discounts	354,062,160.53
Bank Premises and Equipment	7,702,733.31
Other Real Estate	1.00
Customers' Liability under Letters of Credit and Acceptances	4,495,766.71
Accrued Interest Receivable and Other Assets	4,209,586.50
<b>Total Resources</b>	<b>\$977,513,363.04</b>

### LIABILITIES

Deposits	\$931,903,068.23
Letters of Credit and Acceptances	4,568,186.93
Reserve for Interest, Taxes, etc.	3,565,477.82
Other Liabilities	4,157,486.67
Capital Stock	
Preferred	\$7,269,050.00
Common	7,583,981.82
Surplus	14,146,968.18
Undivided Profits	4,319,143.39
<b>Total Liabilities</b>	<b>\$977,513,363.04</b>

United States Government and other securities carried at \$101,675,980.54 are pledged to secure U. S. Government War Loan Deposits of \$8,917,626.99 and other public funds and trust deposits, and for other purposes as required or permitted by law.

Member Federal Reserve System • Member Federal Deposit Insurance Corporation

## How to Know Whether Operations Are Profitable

(CONTINUED FROM PAGE 60)

(7) *Postage.*

(8) *Rent* or the equivalent. A square foot basis suggested. The rental of leased equipment should be charged to the department using such equipment, or, if the same equipment is used by more than one department, the rental should be prorated to the various departments. If buildings are being leased, this type of rent should be charged to the various departments on the basis of occupancy. Expenses such as light, heat, janitor service, etc., should likewise be charged to the departments on an occupancy basis. If buildings are owned, the rental charge should be determined by accumulating items of repairs, maintenance, insurance, taxes, depreciation, etc., and arriving at a cost per square foot of available space and charges made to the various departments based upon the square footage occupied.

(9) *Stationery and supplies.*

(10) *Taxes.* Social security and unemployment insurance taxes are based on salaries. Real estate taxes are a part of the rental charge.

(11) *Telephone and telegraph.*

(12) *Travel and entertainment.*

(13) *Advertising*—that is, direct advertising for loans. As far as possible, advertising should be charged to the department benefited. Advertising of a general nature should be charged to general overhead for distribution to the departments on a percentage basis of benefit to each department.

(14) *Audit department*—a percentage of audit expense based upon the time devoted to the consumer credit department.

(15) *Directors' fees*—a percentage based upon time devoted to the consumer credit department. These costs should be charged to the departments on the basis of time devoted by directors to the various departmental activities. It is also possible that a portion may be allocated to general overhead.

GENERAL or indirect expenses are:

(1) *Any miscellaneous expenses* not directly chargeable to a specific department.

(2) *General credit department.*

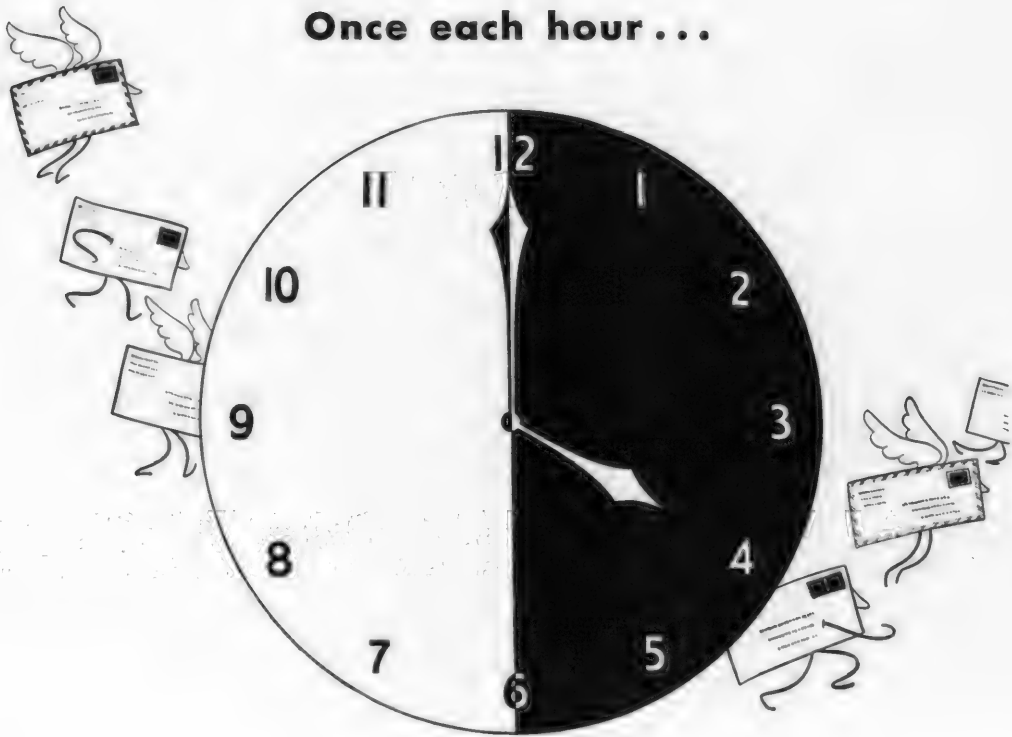
(3) *Membership and association expenses.*

There will be some variance in the types of expense in each bank, and therefore the above list will be subject to such changes as the case may require.

(CONTINUED ON PAGE 80)



Once each hour...



day and night

Every hour—24 hours a day—mail is rushed in and out of our Transit Department. Much of it has wings . . . for our speedy clearing of transit items uses air mail wherever it will save time.

This day-and-night service is especially helpful to our Correspondent Banks. Correspondents are particularly pleased with the speed of our check collections; we are one of the nation's largest users of air mail for this purpose.

But speed isn't the only reason why Correspondents like being members of The Pennsylvania Company "family." We prize a warm and personalized relationship with Correspondents throughout the country. Stop in for an informal talk next time you're in town and we'll explain the many ways we can help you. Or drop us a line at our 15th and Chestnut Sts. office. You'll get a reply outlining our services just as fast as planes can carry it.

## THE PENNSYLVANIA COMPANY

for Banking and Trusts

FOUNDED 1812

18 OFFICES  
PHILADELPHIA

MEMBER FEDERAL RESERVE SYSTEM • FEDERAL DEPOSIT INSURANCE CORPORATION



■ An outstanding name in the Neenah line, Tudor identifies a ledger made entirely of long cotton fibers. It is enduring, resistant to age, to handling, to heat, light and moisture. For permanent and important documentary and record work of every kind, including stock and bond certificates, insurance policies, deeds and tax records.



These famous names identify the papers manufactured by the Neenah Paper Company. The name *Neenah* appears in each watermark to identify the genuine for your protection.

OLD COUNCIL TREE BOND	TUDOR LEDGER
SUCCESS BOND	STONEWALL LEDGER
CHIEFTAIN BOND	RESOLUTE LEDGER
NEENAH BOND	NEENAH LEDGER
NEENAH THIN PAPERS	NEENAH INDEX BRISTOL

**NEENAH PAPER COMPANY • NEENAH, WIS.**

Once the total expense is determined, it is necessary only to divide by the number of loans to determine the average cost per loan or minimum charge. The above analysis will not give accurate information to those institutions who handle several types of consumer credit in large volume, for there will be a difference in actual cost per loan and average cost per loan as between direct personal loans, automobile and appliance paper purchased from dealers or direct car loans.

The cost system is for the purpose of obtaining actual costs and does not in any way purport to provide yield or profit computation. As for instance, bad debt reserves, federal deposit insurance and interest on savings are deductions from total gross income. In order to accumulate any departmental costs, it is necessary to give attention to the various classifications of expenses and their proper allocation to the several departments. While the general books of the bank may not contain the detailed accounts, nevertheless, the charge slips or other media of original entry should provide for a departmental segregation.

It is hoped that in the future the Consumer Credit Committee of the American Bankers Association can present through its member banks a simplified cost procedure in which each bank can fill in its respective dollar cost figures, either quarterly or semi-annually. These figures will then be analyzed by a central auditing bureau for various size groups, which will result in composite ratios against which each individual bank can make its own comparisons. In order to hide the identity of those institutions sending in their cost data, each bank will be given a code number. This system has been used in the furniture industry for some 15 to 20 years and has proved exceedingly beneficial to furniture manufacturers not only in analyzing their own costs from year to year, but in comparing theirs with other members of their industry. The real success of any cost system is, of course, carrying it forward from one year to another. For those small institutions who do not have a cost accounting department, it would only be necessary under the cost system described herein to take off their gross dollar figures once or twice each year for their own comparative purposes.

*These days a man is contented with his lot if he has a house on it.*



## JUST LISTEN TO THE GIRLS IN YOUR OFFICE!

"I want a new typewriter!"



**"We want new Royals!"**



## WHY THE PREFERENCE FOR ROYAL IS BETTER THAN 2 TO 1!

Surveys show that girls who type prefer Royals 2¼ to 1 over any other make of standard office typewriter.

Even more—the preference for Royal equals the preference for the next three most popular standard office typewriters combined!

Why this overwhelming preference for one typewriter?

Because Royals have time-saving, work-saving

features not found on any other make. Because Royals are more durable—sturdier.

They spend more time on the job, take less time out for repairs.

So give the girls in your office the typewriter they prefer using. They'll do more work, better work. With Royal, you'll get the maximum return for your typewriter investment!

# ROYAL

## World's No. 1 Typewriter

Made by the world's largest manufacturer of typewriters



# BANKING NEWS

## 244 Bank Officers Graduated By G. S. B.



COMMENCEMENT ADDRESS—Dr. Harold Stonier calls for alertness to preserve Democracy

### Dr. Burgess Warns G.S.B. \$250 Billion Debt Poses Problems

#### Government Spending Is Key to U. S. Solvency

"A public debt of over \$250 billion has posed a new and baffling problem to the people of the United States. Public opinion about it is not yet clarified or confident," said W. Randolph Burgess in an address before the Economics Seminar at The Graduate School of Banking at Rutgers University. This seminar was attended by the entire G. S. B. student body and faculty. Dr. Burgess is chairman of the executive committee of The National City Bank of New York, is a former president of the American Bankers Association, is chairman of the A.B.A.'s Economic Policy Commission, and chairman of the Committee on Public Debt Policy. This latter committee is sponsored by the Maurice and Laura Falk Foundation of Pittsburgh.

"There are indeed some who, led by some harebrained theorists, think the debt does not matter," said Dr. Burgess. "Others through pure thoughtlessness pay no heed to the debt, and go on advocating and voting for huge new gov-

ernment spending programs without restraint.

#### Debt Is Overpowering

"This does not appear to be the typical attitude of the American citizen; for he is seriously concerned about the debt. To him the debt is overpowering; at times he doubts our ability to handle the debt and pay it down. The chief cause of discouragement is our fear of Russia.

"To meet the Russian threat we are continuing into peacetime vast military expenditures, and at the same time launching a program of aid to Europe and China. To do all this and pay off the debt too is

(CONTINUED ON PAGE 87)

### Thomas H. Leahy Wins Richard W. Hill Award; Belford G. Brown Is the Class of 1948 President

With the final classroom session on the Rutgers University Campus in New Brunswick, N. J., on July 3, The Graduate School of Banking of the American Bankers Association brought to a close its 14th annual resident session following colorful exercises, at which 244 bank officer students, from 106 cities and towns in 33 states, were graduated in what was the 12th annual commencement of the school.

### Pressure of World Commitments Shows Need of U. S. Unity

We are committed to the most dangerous course of action in our history, Dr. Harold Stonier, executive manager of the American Bankers Association, told students at the annual commencement exercises of The Graduate School of Banking at Rutgers University on July 2. Dr. Stonier is director of The Graduate School of Banking which is conducted by the American Bankers Association at the university. In his charge to the Class of 1948 he said:

"Pressure of time and events imposed this course upon us. We have said to the world that we would remain economically strong and free at home, restore the strength of Western

Diplomas were presented by Loring L. Gelbach, chairman, Board of Regents of The Graduate School of Banking and president, Central National Bank of Cleveland, Cleveland, Ohio, who urged upon the graduates "the development of such curiosity that shall recognize all that Victor Hugo meant when he said 'nothing is more mysterious than a key for one who does not know what it will unlock.'"

#### Hill Award

The Richard W. Hill Award, given each year to the oldest member of the graduating class, was awarded at the commencement to Thomas H. Leahy, first vice-president, Peoples Bank, Canton, Ohio. This is an achievement award, the aim of which is to encourage older bank officers to continue their education through the study courses of The Graduate School of Banking. It was presented to Mr. Leahy "in recognition of his being the

CLASS OF 1948 OFFICERS—President Brown, center, and Secretary Irwin, right, receive congratulations from Joseph H. Harrison, the senior class's appointee to the G. S. B.'s Board of Regents



SAVINGS MANAGEMENT GROUP OFFICERS—Robert E. Bushnell, Syracuse, N. Y., secretary-treasurer; Clarence B. Raynard, Hartford, Conn., president; and Daniel J. Savage, Roslindale, Mass., vice-president



PICTURES BY CHARLES AGUIR



oldest member of the class of 1948 to meet the requirements and earn the diploma of the Graduate School." The engrossed testimonial which was presented to Mr. Leahy said: "This award is presented as a testimonial to his diligent interest and belief in adult education. That belief he has exemplified by meeting successfully all the prescribed standard requirements for a diploma of The Graduate School of Banking. In so doing, he has been an inspiration to younger bank officers and he has thus enhanced the prestige of our calling."

Beginning with the year 1937, The Graduate School of Banking has graduated 1950 bank officers who have taken its rigorous courses, fulfilled its requirements and earned its diplomas.

#### Class of '48 Officers

It is the practice each year for the graduating class to elect permanent class officers consisting of a president and a secretary and to elect a member from its ranks to the Board of Regents for the school for the period of one year. Belford G. Brown, assistant comptroller, San Francisco Bank in San Francisco, California, was elected class president and Winfield T. Irwin, assistant cashier, The First National Bank, Philadelphia, Pennsylvania, was elected class secretary. Joseph H. Harrison, vice-president, The Citizens and Southern National Bank, Savannah, Ga., was elected as the class representative on the Board of Regents for the coming year.

The students taking the Sav-

ings Management major course also elect a class organization each Summer to represent this group in the affairs of the school. They elected Clarence B. Raynard, vice-president and comptroller, Society for Savings in Hartford, Conn., president of the Savings Management Group for the ensuing year. Daniel J. Savage, assistant treasurer, Suffolk Savings Bank, Roslindale, Mass., was elected vice-president of the group and Robert E. Bushnell, vice-president and treasurer, Syracuse (N. Y.) Savings Bank, was elected secretary-treasurer.

Students taking the Trusts major course and those taking the investments major each elect committees for the ensuing year. Walter W. Planke, assistant secretary, Harris Trust and Savings Bank, Chicago, Illinois, was named chairman of the Trust Course Committee.

Harvey E. Mole, Jr., assistant treasurer, The Bank of New York and Fifth Avenue Bank, New York City, was elected chairman of the Savings Investment Course Committee, and Wilbur T. Blair, secretary, Federal Reserve Bank, Cleveland, Ohio, was elected co-chairman.

#### Seminars

In place of most of the seminar sessions which formerly were held in the evenings during the two weeks' school period, each of the three classes of the school were occupied at night through most of the current session with sub-major courses. The senior class at-

(CONTINUED ON PAGE 88)



**ECONOMICS THESIS EXAMINING PANEL**—left to right, Joseph H. Harrison, Savannah, Ga., being examined by Robert W. Bachelor, American Bankers Association, New York; Willard E. Atkins, New York University, New York; and Eugene F. Agger, Rutgers University, New Brunswick, N. J.

### The Morning Milk Alerts G. S. B. Students, Faculty

Students at The Graduate School of Banking find copies of their daily school newspaper, *The Morning Milk*, by their plates at breakfast and they read it as avidly as they ordinarily read their favorite hometown daily.

The *Milk*, edited by the G. S. B. administrative staff, contains timely announcements and suggestions pertinent to the smooth operation of the school, and a "daily bracer" (usually a poem) contributed by a student or a prankster masquerading as a student.

*The Daily Milk* reminds students to keep their meal tickets handy when approaching the "mess" hall so they won't hold up the line; tells them when and where to pose for group pictures; of changes in schedules; when service club groups (Lions, Kiwanis, etc.) will lunch together; gives them rail-

road schedules and information about reservations; class group tips on where to meet and how to dress for special occasions, such as Stunt Night, Class Day, and Commencement. It also includes helpful hints addressed to the faculty, including information on classes, meetings, and graduation exercises.

The July 3 (final) issue of the 1948 *Milk* carried "thank you" items and included the membership of student "house" committees.

The "daily bracer" in the June 22 *Milk* is typical of the good humor pervading the Rutgers campus during the G. S. B. sessions. It reads:

#### DAILY BRACER

The work is hard, so is the bed  
Whereon you lay your weary head;  
The hours are long, the drinks are few,  
The meals are good, the girls are too!

(CONTINUED ON PAGE 87)

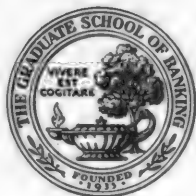
**TRUST THESIS EXAMINING PANEL**—left to right, Paul C. Butcher, Continental Illinois National Bank and Trust Co.; Gilbert T. Stephenson, A. B. A.; W. S. Chittenden, City National Bank, Binghamton, N. Y., examining George M. Rhodes, Scranton, Pa.



**COMMERCIAL BANKING THESIS PANEL**—left to right, H. F. Harrington, Boatmen's National Bank, St. Louis; W. F. Hofmayer, Hudson Trust Co., Union City; and W. R. Nuckols, First Merchants National Bank, Richmond, examining W. C. Bowker



CLASS



1948

## The Graduate School of Banking

Raymond Forbes Adams  
Gunnar H. Anderson  
Raymond D. Baldwin  
Robert J. Barth  
J. Richard Bauchelle  
Lloyd Phillip Beachy  
John C. Beattie  
C. Edward Berryman  
Kenneth Birgfeld  
Russell Allen Blanchard  
Raymond J. Bottoms  
William C. Bowker  
L. Emory Boyden  
William Bradford, Jr.  
Flint Brayton  
John Fredrik Brill  
William Jethro Broadwell  
Herbert Gwynn Brooke  
Belford George Brown  
Clinton C. Brown, Jr.  
Henry Newton Brown  
Roland Burke Burnham  
Frederick J. Burrell  
Joseph C. Buttery  
Carson C. Carlisle  
Herbert E. Carlson  
Stephen F. Casco  
Curtis Winfield Childs  
Raymond H. Choate  
Hans C. Christensen  
Herbert Carlton Clark  
Victor Clark  
Joe Alexander Clarke  
Robert S. Clarke  
Robert G. Clawson

Robert Lucas Cobb  
George F. Cody  
Harrison F. Coerver  
Walter Thomas Collins  
Halsey S. Connett  
William M. Connors  
Frank S. Conrad  
Walter A. Cook  
Luis F. Corea  
C. Herbert Cornell  
Lonie J. Coulter  
Ralph Dudley Cowan  
Wesley C. Crawley  
Raymond Bradley Cray  
Stanley J. Daley  
Cassius H. Daly, Jr.  
Robert H. Daniel  
Frederick M. Darrow  
Sherley Christen Davis  
D. Anthony DeMaio  
Vincent Francis Dougherty  
Joseph A. Duddy  
Ersell Calvin Duke  
Charles E. Dunbar  
Allen Clark Duncan  
George B. Earnshaw  
Charles Edward Ellison, Jr.  
Charles T. Engelman  
Raymond C. Erickson  
Raymond Joseph Euler  
John T. Evans  
James Joseph Faggiano  
Raymond F. Faughnan  
Peyton Brown Fletcher, Jr.  
Thomas B. Flynn

Richard Ellsworth Foehl  
Perley L. Folsom  
Henry E. Fredrick  
James Edgar Gallagher  
John Franklin Garde, Jr.  
William Joseph Gerbig  
Warren R. Gilbert  
H. Norman Glasco  
John Q. Goodrich  
J. Lucas Graf  
Robert L. Gray, Jr.  
Warren Philips Gray  
Fred H. Green  
Allen A. Greenstreet  
Wilmot Edwin Hall  
Marcus A. Harris  
George Evelyn Harrison  
Joseph Huger Harrison  
Darwin Samuel Harter  
Everett Norman Hatch  
Raymond F. Heislein  
Arthur D. Hemelright  
C. Dixon Heyer  
William W. Hibberd  
Frederick Clark Hickok  
William Eugene Hines  
Philip M. Hiss  
James L. Holman  
Kellam Hooper  
David W. Hopper  
John Edward Horbett  
Eugene M. Howard  
G. Wesley Hubbell  
William A. Huff, Jr.  
Phillips B. Hunt

Winfield T. Irwin  
 Myron E. Jewell  
 Willis L. Johns  
 Frederick B. Johnson  
 Henry W. Ketelbut  
 Clifford C. Kimmerle  
 Kenneth Keith King, Jr.  
 John Robert Kirk, Jr.  
 Albert P. Klein  
 Harold K. Koch  
 Erwin O. Kraft  
 Eugene J. Krause  
 Arthur E. Kroner  
 Howard E. LaBarr  
 Sheldon L. Ladd  
 August H. Lages  
 Thomas Alvin Lanford  
 Peter J. Laninga  
 John W. Larsen  
 Thomas H. Leahy  
 Conrad Charles Legare  
 Dale M. Lewis  
 Arden F. Liles  
 David Livingston  
 John Frederick Lyle  
 William A. Lyman  
 Robert MacKee Lyon  
 John C. Lyster  
 Robert Fulton McCammon  
 Harold Graham McConnell  
 Donald A. McCormack  
 Fred V. McDonnell  
 Allister R. MacKay  
 Colin MacLennan  
 Joseph S. Maddlone  
 Stanley V. Malek  
 Lehnholz Spiller Marshall  
 John Thomas Marston, Jr.  
 Robert C. Masters  
 Ray Edwin Mayham, Jr.  
 H. Winston Mercer  
 Frank B. Merget  
 Marvin Layton Millard  
 J. Norman Miller  
 George T. Mitchell  
 Robert Earle Moody, Jr.  
 Orion Morris

Henry L. Morse  
 Clark I. Moseley  
 John P. Mulhern  
 Robert Frederic Mulloney  
 Warren L. Murray  
 Frederick L. Nagel  
 William G. Nagle  
 Howard Clinton Nason  
 Joseph M. Naughton  
 Everett A. Needham  
 G. Ronald Nish  
 Eugene S. Northrop  
 John Louis Nosker  
 Robert Brownell O'Brien  
 Robert E. O'Dea  
 Frank Peter Ohlmuller  
 J. Warren Olmsted  
 Edmund Francis O'Neill  
 Charles A. G. O'Rourke  
 Raymond James O'Rourke  
 Arthur N. Osborn  
 Leroy A. Ozment  
 George Pasini  
 Thomas Abraham Peffer  
 Harvey S. Petterson  
 Alvin Lavon Pharr  
 H. F. Prideaux  
 Melvin R. Priestley  
 David Martin Proudfoot  
 Philip M. Purrington  
 Gustavus A. Puryear  
 Alfred B. Reed  
 Joseph J. Regan  
 William E. Reid  
 Robert W. Rennie  
 George M. Rhodes  
 Frank A. Richards  
 Thomas Rigg, Sr.  
 John Hendee Roach  
 Wilbert T. Roberts  
 George F. Rock  
 Edward A. Rollins  
 William D. Rounds  
 Walter H. Rozell  
 George Reginald Schumann  
 Clinton W. Schwer

George M. Senn  
 John L. Shaughnessy  
 W. Noel Shedd  
 Albert A. Shepherd  
 Norman T. Shepherd  
 R. Henry Smart  
 Kendrick Jesson Smith  
 Andrew E. Spencer  
 George James Stadtler, Jr.  
 Ernest Wood Stevens  
 Neil J. Stevenson  
 Kenneth Howard Stewart  
 Shaler Stidham  
 Albert C. Strang  
 H. Richard Stratemeier  
 Anthony F. Straub  
 Raymond S. Strong  
 Charles Arthur Studdiford  
 James H. Styers  
 William H. Swift III  
 Robert F. Sykes  
 Gordon Trowbridge  
 Kenneth W. Turnbull  
 G. Donald Turner  
 Errett Van Nice  
 Henry John Vettel  
 Ross Meitzler Vickers  
 August F. Wagele  
 E. Damon Wallace  
 Joseph M. Walsh  
 Clyston E. Weaver  
 Ernest F. Webling  
 Oliver Alfred Westfall  
 Donald B. Whitney  
 J. Douglas Williams  
 Meade Homer Willis, Jr.  
 Thomas Galbraith Wolstoncroft  
 Garnett O. Wood  
 Joseph Pyle Wortz  
 Leslie A. Wright, Jr.  
 Russell A. Yarbrough  
 Winston D. Yeager  
 Frank G. Yingling, Jr.  
 George Edward Yousling  
 John Hamilton Zane  
 Frederick C. Zorn



COMMERCIAL BANKING IV CLASS, *left*, listening to "Prof" Zarker tell about trends in bank building construction. *Right*, Mr. Zarker discusses BANKING's new and modernized bank buildings exhibit with an interested group of students

## Bank Buildings Studied By G.S.B. Students Of Commercial Banking

"How many of you fellows are in banks located on second floors, with the street level space occupied by other business?"

About 15 out of 300 raised their hands. Harold Zarker, instructor in Commercial Banking of The Graduate School of Banking, conducted by the American Bankers Association at Rutgers University, asked the question of his freshman group this year in connection with the classroom lecture on bank buildings. "Just keep your hands up a minute," he said, "so that if any of the others want to get more information on this point they can spot somebody and corner him for questions."

### More Questions

Mr. Zarker, vice-president of the First Bank and Trust Company in Perth Amboy, New Jersey, followed the same procedure with other questions, for example some dealing with drive-in windows, the best locations for consumer credit and other departments, and so on.

"Do you lose any business by having your main banking room on the second floor?" asked Mr. Zarker. The answer was that "It would take a lot of such losses to equal the \$40,000 in net profit which we are getting for renting the street level floor."

Reflecting the wide current interest in the new bank buildings and remodeling, the attention given this vital phase

of bank operations at the Graduate School this year was somewhat expanded. A display of "before and after" pictures which BANKING has furnished to so many conventions and other gatherings this past year was on view around the walls of the engineering auditorium at Rutgers where the Commercial Banking classes are held.

The lectures on bank buildings and the classroom discussions followed this general pattern:

Bankers in every section of the country are faced with the necessity for expanding the capacity of their banking quarters in one way or another. Some must do it by packing more desks and equipment into their present space. Others will build new buildings or additions or undertake remodeling jobs. Many have already done so and others are in the blueprint stages awaiting a more abundant material supply and lower costs. The general objective is to expand their shops and effect greater productivity, increase efficiency and better public relations.

Just what factors should be taken into consideration is

(CONTINUED ON PAGE 88)

Graduate School junior classmen take a forward stride toward their senior year by lining up at the administration building to reserve rooms for the 1949 resident session

## World Commitments Show Need of U. S. Unity

(CONTINUED FROM PAGE 82)

Europe and parts of Asia and organize a military coalition that can stop the advance of Russian arms if peace fails and war becomes inevitable.

"This course of action comes upon us at a time when we possess over 50 percent of the world's industrial resources. That is a mighty asset. On the other hand, we represent something less than 7 percent of the world's population and only 6 percent of the world's land area. On this limited population has now fallen a tremendous task. The need for internal unity is thus clearly outlined.

### Sacrifice Required

"Many believe that democracy is the automatic answer to all of our problems. But democracy itself is a problem. To keep it what we Americans believe it to be requires sacrifice at times, hard work always, and real devotion. To us democracy is synonymous with liberty, yet Russia calls itself a democracy. Our democracy could become a totalitarian state if our enterprise system were liquidated. The time has

come for Americans to stand up and be counted. Real liberals and conservatives should be on the same side of the aisle. We must win a peace, or America may be lost.

### Banking Not Static

"Banking is not a static thing. It is an evolving service to business and industry, and beyond that, banking helps many millions of men and women achieve economic stability and satisfy their wants. To perform these services satisfactorily to succeeding generations amid changing economic conditions means that banking must ever be on the alert and willing to adopt new methods, different approaches and advance with the changing times. Because American banking on the whole has been able to do this over a period of years, our type of banking remains unique among all banking systems.

"In recent years bankers have voluntarily assumed a new responsibility on behalf of the Federal Government. We have urged our friends and neighbors to buy U. S. Savings

PICTURES BY CHARLES AGUI





Bonds. This has been a method by which it is said that many millions buy their share of liberty on the instalment plan. In this activity we act as agents of our Government without compensation. On the other hand, our customers will undoubtedly hold us to share in the responsibility if, in the years ahead when these bonds become due, they receive weak and inflated dollars back for the stronger dollars they invested years before. For the rest of your lives, therefore, as bankers you will have a responsibility to discharge. You must take an interest in government, local, state and national, and in the general economic forces which determine

the value of your bondholders' dollars. In the area of political action our fate as bankers may be determined. It would be shameful to lose that struggle by default or through neglect.

"On behalf of your faculty I congratulate you on the self-discipline you have exhibited in pursuing your studies. The inspiration of this experience will be with you always. You have developed an awareness and an alertness. You have made an investment. The returns will accrue to you for the rest of your careers. This is an end, but it is also the commencement of greater service to your bank, to your community, and to your country."

## \$250 Billion Debt

(CONTINUED FROM PAGE 82)

indeed a large order. It is easy to take counsel of despair and assume that we must again go into deficit financing and trust to luck to come through whole.

"This easy course is the road to ruin. It may indeed be just the course that Russia hopes we will follow: to squander our substance in great armament and relief programs—to continue the inflation of prices and the depreciation of the value of the dollar. Such a course might indeed weaken us to the point where our strength was sapped and our moral fiber weakened. For the Russian threat may be with us for many years.

"For these reasons the Committee on Public Debt Policy has for two and one-half years been studying the impact of the debt on the nation and methods of dealing with it. Six studies so far published

have analyzed aspects of the problem. The final statement of conclusion is now in preparation and will be published this Summer.

"In anticipation of the final report I can only say that the findings will not support a counsel of despair. The committee believes it is possible for this country to meet its foreign and domestic obligations and at the same time make headway in reducing the debt. The closing of the current fiscal year with a large surplus is encouraging as to our capacity to do so. It should at once be added that this year's results were aided by unusual good fortune, by an abnormally large income and the real test is yet to come.

### Government Spending

"The key to our national power to deal with this critical problem in the future lies largely in government spending. We can't meet our obligations

and stay truly solvent without prudent housekeeping, more prudent than our political leaders have been providing. It is doubtful whether we can keep on spending \$40 billion a year and preserve the same human freedoms and economic well-being that we cherish.

"While a substantial part of current spending is essential for our national well-being and the survival of democracy in the civilized world, many expenditures are non-essential or too large. The army of Washington clerks is too large. Some of the veterans' benefits are being abused. This is no time for billions in public works. Prudent housekeeping can trim off enough to make the difference between a deficit and a surplus for debt retirement. This will take courage and care and a willingness to do some politically unpopular things. But it can be done. It is an essential point on which we should ask a firm commitment from candidates for public office in something more than vague and general terms.

"The other basis for hope of our ability to conquer this huge debt lies in the nation's great productive capacity. After each earlier war many have despaired of the ability to deal with the debt, but each time we have honored our obligations and each time we have steadily reduced the debt. For each time we have grown up to the debt: our productive power and our national income have increased to the point where the burden seemed lighter. We can do this again if we preserve with care the freedom and the incentives which have sparked American enterprise."

## The Morning Milk

(CONTINUED FROM PAGE 83)

From bed to meals to class to talk  
It seems to be an endless walk.  
No time to stop or talk or play,  
No time to take a nap by day.

One week crawls by, then comes  
the next  
You've read not even half your  
text;  
You sometimes wonder if it's worth  
The loss of women, song and mirth.

Until you meet a recent grad  
Who, too, once thought the grind  
was bad;  
But now he sports both charm and  
ring,  
And all day long school's praise  
does sing.

There's naught comes easy in this  
life—  
(Ask any husband, any wife;)  
We get just that for which we pay  
If one won't work, one shouldn't  
play.

So when the going gets too rough,  
The benches on your body tough,  
Sustain yourself with this bright  
thought—  
"Here bankers out of men are  
wrought."  
—William Pinklespeare '47

## Sports Supply G. S. B. Leisure Hour Diversion

A variety of sports activities, under the direction of George W. Dochat, athletic director of Rutgers University, are open to students attending The Graduate School of Banking.

The senior, junior and freshman classes all have their regularly organized softball teams which compete in tournaments. The junior class won this year's contest. In addition, there are scrub softball teams which play practice games with the class teams.

Other sports events which attract a sizable number of students and rooters include tennis, quoits, badminton, ping-pong and swimming. There is not much time for golf and courses are inaccessible.

FDIC men at The Graduate School of Banking, left. These men came from the main office in Washington and district offices over the country. At right, G. S. B. freshmen class softball team pose for the cameraman before a practice session



CHARLES AGUIS

## Recent A. B. A. Mailings

Here is a partial list of A.B.A. material mailed to groups indicated during July.

**ADVERTISING:** Direct mail promotion material, consisting of booklet "Presidents of the U. S.," and three folders featuring automobile, home repair, and six other types of loans, to member banks and state secretaries.

**BANK MANAGEMENT:** "Analysis of Bank Earnings, Expenses and Capital in 1947" booklet (part I of new study superseding old study "Earnings and Expenses of all insured Commercial Banks"), to member banks, bank commissioners and state secretaries.

Letter signed by E. V. Krick, chairman, Bank Management Commission, requesting comments or suggestions on booklet, "Aids and Suggestions for Improving Bank Operations," to member banks, bank commissioners and state secretaries.

**CONSUMER CREDIT:** Delinquency survey of instalment loans consisting of three-page report, to about 200 banks participating in survey, and to state secretaries.

"Facing Facts on Consumer Credit," a six-page bulletin on outstandings during Regulation W and since its expiration, to Committee on Consumer Credit, G.S.B. students in CB V, and to the state secretaries.

**BUSINESS CONDITIONS:** Re-

## Common Trust Handbook Will Be Available About September 1

A limited edition of a "Common Trust Fund Handbook" has been prepared by the Trust Division of the American Bankers Association and will be off the press around Sept. 1.

This handbook explains the points which should be considered by a trust institution in deciding whether or not to establish a common trust fund and describes the method by which such funds may be established and operated.

Since the first edition of the common trust handbook was published in 1939, the common trust fund movement has enjoyed substantial growth. About 50 trust institutions are now operating a total of around 60 funds. This new edition of the handbook brings up-to-date information on practices which have been found desirable through actual experience in operating common trust fund.

A. W. Whittlesey, vice-president, The Pennsylvania Co., Philadelphia, heads the Division's Common Trust Funds Committee.

Results of survey of banker opinion on business conditions in U. S., to members Credit Policy and Small Business Credit commissions, about 400 bankers participating in survey, and to presidents and secretaries of state bankers associations.

CHARLES T. FISHER, JR.

Mr. Fisher, president of the National Bank of Detroit and of the Detroit Clearing House Association, has been named chairman of the Executive Committee for the 74th Annual Convention of the American Bankers Association in Detroit on September 26-29



## Bank Buildings Studied

(CONTINUED FROM PAGE 86)

reaching a decision as to whether or not a building should be built or remodeled or additional quarters rented? If a bank is already in operation, or if a new bank is being formed, what factors should guide management in its decision?

What about type of building, location, adequacy, upkeep and cost? The last-named item is treated, first, as a management responsibility and, second, with respect to laws restricting the total amount which can be thus spent.

What is the effect of the bank building on the employee and on public relations?

Other items entering into the discussion at the Graduate School included the following:

### Features Discussed

Lobby space, departmental layout, auxiliary rooms, protective features, air conditioning, soundproofing, illumina-

## 244 Banker Graduates

(CONTINUED FROM PAGE 83)

tended a course in banking and government.

The economics seminar held since the beginning of the school on Friday night of the first week by the late Brigadier General Leonard P. Ayres was assumed this year by Dr. W. Randolph Burgess, chairman of the executive committee of The National City Bank of New York, who discussed the public debt. Joseph M. Dodge, president of the American Bankers Association, was scheduled for a lecture on international affairs, particularly with respect to American relations with Russia, on Monday evening, June 28, but he was prevented from keeping this engagement.

tion, storage provision, vault location and housekeeping.

Under the last heading was included all questions relating to keeping the plant in good order and appearance.

## CALENDAR

### American Bankers Association

- Sept. 26-29 Annual Convention, Book-Cadillac and Statler Hotels, Detroit, Mich.
- Oct. 13-15 Western Regional Trust Conference, Multnomah Hotel, Portland, Ore.
- Nov. 4-5 Mid-Continent Trust Conference, Drake Hotel, Chicago, Ill.

### State Associations

- Aug. 2-13 Pacific Coast School of Banking, University of Washington, Seattle, Wash.
- Aug. 5-7 West Virginia, Greenbrier Hotel, White Sulphur Springs
- Aug. 16-20 Kentucky School of Banking, University of Kentucky, Lexington, Ky.
- Aug. 16-23 New York, School of Agriculture, Cornell University, Ithaca
- Aug. 22-28 Arkansas, Seminar, University of Arkansas, Fayetteville
- Aug. 23-Sept. 4 Central States School of Banking, University of Wisconsin, Madison, Wis.
- Oct. 3-5 Kentucky, Brown Hotel, Louisville
- Oct. 8-9 Savings Banks Association of Connecticut, Equinox House, Manchester, Vt.
- Oct. 17-19 Vermont, Fall Meeting, Mountain View House, Whitefield, N. H.
- Oct. 25-27 Iowa, Hotel Fort Des Moines, Des Moines

- Nov. 4-6 Savings Banks Association of the State of New York, Hotel Traymore, Atlantic City, N. J.
- Nov. 10-11 Nebraska, Hotel Fontenelle, Omaha

### Other Organizations

- Aug. 16-28 School of Financial Public Relations sponsored by Financial Public Relations Association, Northwestern University, Chicago, Ill.
- Sept. 12-19 New York State League of Savings & Loan Associations, Saranac Inn, Saranac, N. Y.
- Sept. 16-18 Savings Banks Association of Massachusetts, New Ocean House, Swampscott, Mass.
- Sept. 19-22 Savings Banks Association of Maine, Poland Spring House, Poland Spring, Maine
- Sept. 22-24 Mortgage Bankers Association of America, Hotel Commodore, New York
- Sept. 24-26 Association of Bank Women, Hotel Fort Shelby, Detroit, Mich.
- Oct. 7-9 National Safe Deposit Association, Hotel Somerset, Boston, Mass.
- Oct. 10-13 National Association of Bank Auditors and Comp-trollers, Ansley Hotel, Atlanta, Ga.
- Oct. 25-27 Robert Morris Associates, Statler Hotel, St. Louis, Mo.
- Nov. 8-10 National Foreign Trade Council, Waldorf-Astoria, New York
- Nov. 8-12 United States Savings and Loan League, New York, N. Y.
- Nov. 29-Dec. 2 Financial Public Relations Association, Hollywood Beach Hotel, Hollywood, Fla.



**"TO BE PREPARED FOR WAR IS ONE OF THE MOST EFFECTIVE MEANS OF PRESERVING PEACE . . ."**

GEORGE WASHINGTON. 1790

The 4700 members of The Associated General Contractors of America have been asked to bring their construction "know-how" into the War Department's Affiliation Program — called by the Army "a vital phase of national defense." The A.G.C.'s place in the program is to help organize construction-trained reserve units in which each man is fitted to his military assignment by his daily work in the construction industry.

One hundred construction reserve units were voluntarily pledged by A. G. C. chapters and branches throughout the country to form "the backbone of the engineer program", as so designated by Lt. Gen. R.A. Wheeler, Chief of Engineers. Thus, already-trained troops will be ready for immediate mobilization in any national emergency.

Eighty-four of these reserve units have so far been sponsored by A. G. C. chapters since September 30, 1947, when the Affiliation Program was unanimously endorsed by the membership. With the cooperation of related construction groups — labor, architects, engineers, equipment dealers, municipal officials and others — the units are now being placed in operation for training activities. The program is 84 per cent complete.

Upon reviewing the recent progress report submitted to him, Secretary of the Army Kenneth C. Royall said that "the spirit and manner in which the Association has undertaken this effort to strengthen our national security offers a worthy example to other groups participating in the program." The preparedness program is additional patriotic service, as so clearly indicated in the fast and efficient \$49,000,000,000 construction miracle of the industry in World War II.

The members of The Associated General Contractors are privileged to contribute their **SKILL, INTEGRITY, and RESPONSIBILITY**, constantly exercised in their day-by-day work, to the furtherance of our country's vital defense program. In peace and in war, the construction industry serves the nation.

Copies of A. G. C.'s detailed "Progress Report on Affiliated Construction Units to the Department of the Army" are available upon request.



America Progresses Through Construction . . . Construct by Contract

**The ASSOCIATED GENERAL CONTRACTORS of AMERICA, Inc.**

More than 100 Chapters and Branches throughout America  
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SKILL, INTEGRITY, RESPONSIBILITY IN CONSTRUCTION OF BUILDINGS, HIGHWAYS, RAILROADS, AIRPORTS, PUBLIC WORKS

August 1948

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# HEARD ALONG MAIN STREET



## Honors for Bankers

**J**OSEPH M. DODGE, president of The Detroit Bank and also president of the American Bankers Association, was awarded an honorary degree of Doctor of Laws by Wayne University, Detroit, at the university's June commencement ceremony. Wayne's president, David D. Henry, conferred the degree.

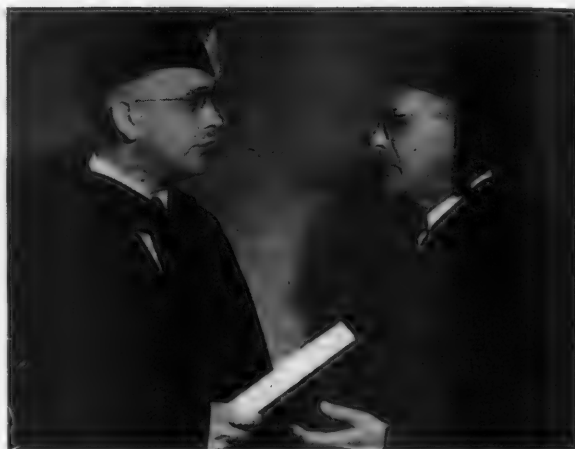
The citation mentioned Mr. DODGE's wartime activities in behalf of the United States Government, which included the chairmanship of the War Department's Price Adjustment Board and of the War Contracts and Renegotiation Program, leadership of the United States delegation at the Austrian Treaty Conference, and financial adviser of the United States Military Government in Germany. Mr. DODGE also served in November and December of 1947 as Deputy for Austrian Affairs to Secretary of State Marshall at the London meeting of the Council of Foreign Ministers.

The citation continued:

"Entrusted by his country with financial problems of international scope and magnitude, he has brought to their solution a keen awareness of the whole social scene and of the implications of the vast changes in our economic structure.

"Early aware of the dangers of threatening inflation, he alerted all our people and our financial institutions to the end that stability might be assured. Through his offices, the termination of the recent war mobilization was more favorably and expeditiously achieved, the machinery of peace more promptly set into motion, and the hope of a better future for the people of this country and of Europe more firmly established. To this citizen of our city who has become a most useful citizen of the world, this university pays grateful tribute."

Wayne University President David D. Henry presents A.B.A. President Dodge with the honorary degree of doctor of laws



HARVEY D. GIBSON, president of Manufacturers Trust Company, New York, received the Pettee Medal at the University of New Hampshire's 1948 commencement. The medal is awarded to New Hampshire natives who have rendered "unique service to the state" and Mr. GIBSON's citation mentioned his leadership in the development of North Conway into a popular winter sports center. It also recalled, among

Lee Wiggins



other things, his services to the American Red Cross in both World Wars.

Dartmouth College conferred the honorary degree of master of arts on LAURENCE F. WHITEMORE, president of the Federal Reserve Bank of Boston. "It is through lives such as yours," said Dartmouth's president, John Sloan Dickey, in bestowing the honor, "that we know what we mean when we use those select words of praise, 'a good New Englander.' Your extraordinary experience in public office and in private affairs of the North Country has given you a rare capacity both to perceive and to point out to others those areas of common ground between self-interest and public good on which the democracy of our industrial society thrives."

## Wiggins Leaves Treasury

**A.** LEE M. WIGGINS, former president of the American Bankers Association, resigned last month as Under Secretary of the Treasury to become chairman of the boards of the Atlantic Coast Lines and the Louisville & Nashville railroads on September 1.

(CONTINUED ON PAGE 92)





**A Statement of Condition is Only Half the Story!**  
 THE OTHER HALF is the integrity and character of the institution behind the figures . . . the will to provide the individual and the community with a service that really serves them and protects their interests . . . a sincere desire always to keep this a friendly bank.

#### RESOURCES

Cash . . . . .	\$ 70,466,239.56	
U. S. Government Securities . . . . .	76,260,242.37	\$147,426,481.93
Other Securities . . . . .	11,208,195.27	
Federal Reserve Bank Stock . . . . .	240,000.00	11,448,195.27
Loans and Discounts:		
Time . . . . .	31,005,639.03	
Demand . . . . .	8,571,777.81	39,577,416.84
Banking House . . . . .		5,000,000.00
Other Real Estate . . . . .	295,000.58	
Furniture and Fixtures . . . . .	1.00	295,001.58
Interest Earned, not collected . . . . .	423,852.43	
Other Assets . . . . .	510,477.36	934,329.79
Customers' Liability—		
Letters of Credit . . . . .		1,065,280.00
<b>TOTAL RESOURCES . . . . .</b>		<b>\$205,746,705.41</b>

#### LIABILITIES

Capital . . . . .	\$ 4,080,000.00	
Surplus . . . . .		4,000,000.00
Undivided Profits . . . . .	\$ 2,425,287.16	
Reserved for Dividends . . . . .	120,000.00	
Reserved for Other Purposes . . . . .	668,159.26	3,213,446.42
Deposits:		
Individuals . . . . .	172,422,133.85	
Banks . . . . .	19,373,079.99	
United States . . . . .	1,672,765.15	193,467,978.99
Letters of Credit . . . . .		1,065,280.00
<b>TOTAL LIABILITIES, Capital and Surplus . . . . .</b>		<b>\$205,746,705.41</b>

#### DIRECTORS

J. S. ABERCROMBIE  
 Oil  
 W. S. BELLWS  
 W. S. Bellows Construction Corp.  
 GEORGE A. BUTLER  
 Butler, Binion, Rice & Cook  
 NOAH DIETRICH  
 Executive Vice President,  
 Hughes Tool Company  
 R. P. DOHERTY  
 Executive Vice President  
 J. H. GARRETT  
 Vice President  
 RALPH L. GRAY  
 President, Sheffield Steel Corp.  
 F. J. HEYNE  
 President, Bankers Mortgage Co.  
 C. B. JAPHET  
 Investments  
 A. C. JONES  
 Banker and Rancher

JESSE H. JONES  
 Chairman of the Board  
 M. TILFORD JONES  
 President, Houston Deep  
 Water Land Company  
 PAUL KAYSER  
 President, El Paso Natural Gas Co.  
 J. S. LEACH  
 Vice President, The Texas Company  
 FRANK A. LIDDELL  
 Liddell, Austin, Dawson & Huggins  
 W. W. MOORE  
 Vice President, Bankers Mortgage Co.  
 P. J. NEFF  
 President, Missouri Pacific Lines  
 CHAS. F. REED, JR.  
 Dow Chemical Company

P. C. REHRAUER  
 Vice President  
 JAMES W. ROCKWELL  
 Rockwell Bros. & Co.  
 A. D. SIMPSON  
 President  
 GARDINER SYMONDS  
 President, Tennessee Gas  
 Transmission Corp.  
 SAM TAUB  
 Chairman, Executive Committee  
 B. MAGRUDER WINGFIELD  
 Vice President  
 GUS S. WORTHAM  
 President, American General  
 Insurance Co.

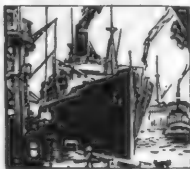
Member Federal Deposit Insurance Corporation

## National Bank of Commerce OF HOUSTON

"THE BANK OF COURTESY"

WARM, FRIENDLY BANKING AND TRUST GUIDANCE





## To promote Trade

BANKERS are invited to use these Bank of New South Wales services for themselves and their clients:—

- Introductions to importers and exporters in AUSTRALIA and NEW ZEALAND.
- Credit information about residents of those countries.
- Facilities for making payments to, or receiving payments from those countries.
- Arrangements for business visits to either or both countries.

Consult—

## BANK OF NEW SOUTH WALES

British & Foreign Department  
Sydney, Australia.

NA4801F

## Where Other Banks Bank!

Since 1883  
**THE AMERICAN  
NATIONAL  
BANK**  
NASHVILLE

CAPITAL FUNDS OVER 9 MILLION DOLLARS  
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 90)

Mr. WIGGINS was appointed to the Treasury position early in 1947. Secretary SNYDER said that he would continue his relationship with that department by serving as special assistant to the Secretary.

EDWARD H. FOLEY, JR., of New York, Assistant Secretary for two years, was named by President TRUMAN to succeed Mr. WIGGINS. JOHN S. GRAHAM of Winston-Salem, North Carolina, who was executive assistant to the Under Secretary, was appointed as FOLEY's successor.

Mr. WIGGINS, widely known president of The Bank of Hartsville, Hartsville, South Carolina, was elected president of the A.B.A. in 1943. His many interests have included the management of a department store, a wholesale company and a pedigreed seed business, and the publication of a country newspaper in Hartsville.

### Chicago National Bank

THE Chicago National Bank, with total resources of \$60 million and surplus and undivided profits of \$5,250,000, has been formed by the consolidation of the Chicago Terminal National Bank and the Industrial National Bank of Chicago.

LESTER ARMOUR, formerly senior vice-president of the City National Bank and Trust Company, Chicago, is chairman of Chicago National's board. The president is ROBERT D. MATHIAS, who had been president of the Old National Bank, Evansville, Indiana.

Mr. MATHIAS, who was head of the Indiana Bankers Association during that organization's past year, was born in Kansas City, Kansas. He was educated at Rice Institute and at Centre College where he played on the famous "Praying Colonels" football team. After service in World War I he worked in Chicago banks for about 10 years and then became executive vice-president of the First National Bank of Elkhart, Indiana. He joined the Old National in Evansville in 1935 as a vice-president, becoming executive vice-

president two years later and president when Samuel L. Orr was made chairman of the board.

Mr. ARMOUR, a native of Chicago, is a graduate of Yale University. He started his business career with Armour & Company in 1919 and resigned as vice-president and director in 1932 to become chairman of the General Stock Yards Corporation. He became associated with City National after service in World War II as a Navy captain, terminating his connection with that bank on January 1 of this year.

The Chicago National Bank will occupy enlarged quarters at 120 S. LaSalle Street, home of the Chicago Terminal National since 1946. The premises are being remodeled.

### MacNeill on Irving Staff

EARL S. MACNEILL, who was trust officer of the Continental Bank & Trust Company of New York before that institution was acquired by Chemical Bank & Trust Company, has joined the staff of Irving Trust Company, New York, as an assistant vice-president. He is in the personal trust division and will specialize in estate planning.

Mr. MACNEILL, a member of the Committee on Trust Information of the Trust Division, American Bankers Association, is president of the New York Financial Advertisers Association and is a former chairman of the Trust Development Section of the Financial Public Relations Association. A member of the New York Bar, he is active in the American Bar Association.

### A.I.B. 1950 Committee

THE American Institute of Banking has appointed a committee to plan for the observance of the organization's 50th anniversary in 1950.

CLARENCE R. CHANEY, vice-chairman of the Northwestern National Bank in Minneapolis, is chairman of the committee. The Institute chapter in Minneapolis, where Joseph Chapman formed the bank clerks' association that preceded the Institute by two years, has

Lester Armour



R. D. Mathias



E. S. MacNeill



C. R. Chaney



invited the A.I.B. to hold its golden jubilee convention in that city.

Vice-chairmen of Mr. CHANEY's committee are EDWIN V. KRICK, senior vice-president and cashier, American Trust Company, San Francisco, and FRANK M. TOTTEN, vice-president, The Chase National Bank, New York.

Two members have been appointed for each geographical section:

*East:* CHARLES F. ELLERY, vice-president and trust officer, Fidelity Union Trust Company, Newark, New Jersey; DAVID T. SCOTT, assistant cashier, The First National Bank of Boston.

*South:* J. L. DART, president, Florida National Bank, Jacksonville, Florida; GARNETT A. CARTER, vice-president, The Fulton National Bank, Atlanta.

*Midwest:* FRANK N. HALL, assistant vice-president, Federal Reserve Bank of St. Louis; FRANK R. CURDA, cashier, City National Bank and Trust Company, Chicago.

*West:* HARRY R. SMITH, vice-president, Bank of America, NT & SA, San Francisco; GEORGE J. GREENWOOD, JR., vice-president, The Bank of California National Association, San Francisco.

All are former presidents of the Institute. Other living past presidents are serving as honorary members of the committee.

### Change in Philadelphia

**P**URCHASE of the Northern Trust Company of Philadelphia by the Provident Trust Company in that city has been approved by the directors of both banks.

Northern, founded in 1871, had deposits of about \$27 million last December 31. On that date Provident's deposits were nearly \$95 million.

The announcement of the acquisition, made by WILLIAM R. K. MITCHELL, president of the Provident, said that all Northern's officers would be retained and that WILLIAM C. HORTER, its president, would become a vice-president of Provident. The latter bank was established in 1865.

The purchase price of the Provident was said to be equivalent to \$920 a share, or a total of \$4,600,000.

LEROY A. WILSON, president of American Telephone & Telegraph Company, was recently elected a director of The Chase National Bank, New York.

Republic National Bank of Dallas has four new vice-presidents, promoted from assistant vice-presidencies: C. W. AUSTIN, JR., PAT HENRY, JR., JOHN R. SCOTT, and E. E. WALLACE, JR.

## SEATTLE-FIRST NATIONAL BANK

### Statement of Condition

At Close of Business June 30, 1948

#### RESOURCES

Cash and Due from Banks . . .	\$169,917,035.43	
United States Government Securities . . . . .	207,289,146.49	
Obligations of Federal Agencies	8,329,844.34	
State and Municipal Securities .	55,505,178.64	
Other Bonds and Securities . . .	2,410,222.76	\$443,451,427.66
Loans and Discounts . . . . .		197,452,458.27
Federal Reserve Bank Stock . . . . .		600,000.00
Bank Buildings, Vaults, Furniture and Fixtures .		2,771,192.81
Interest Earned Not Received . . . . .		1,360,854.21
Customers' Liability Under Letters of Credit and Acceptances . . . . .		1,688,253.13
<b>TOTAL . . . . .</b>		<b>\$647,324,186.08</b>

#### LIABILITIES

Capital Stock . . . . .	\$ 10,000,000.00	
Surplus . . . . .	10,000,000.00	
Undivided Profits . . . . .	4,987,872.95	
Reserves for Contingencies . . .	5,683,850.68	\$ 30,671,723.63
Reserves for Interest, Taxes, etc. . . . .		1,103,283.51
Discount Collected Not Earned . . . . .		1,100,562.68
Letters of Credit and Acceptances . . . . .		1,688,253.13
Deposits . . . . .		612,760,363.13
<b>TOTAL . . . . .</b>		<b>\$647,324,186.08</b>

#### BOARD OF DIRECTORS

LAWRENCE M. ARNOLD  
J. H. BALLINGER  
HENRY BRODERICK  
FRANK H. BROWNELL, JR.  
CHARLES F. CLISE  
EARL D. DORAN  
JOEL E. FERRIS  
O. D. FISHER

THOS. F. GLEED  
P. E. HARRIS  
L. C. HENRY  
CHARLES H. INGRAM  
W. M. JENKINS  
ERIC A. JOHNSTON  
RICHARD E. LANG  
CLARENCE D. MARTIN  
RUSSELL MILLER

B. A. PERHAM  
WM. G. REED  
WILBUR W. SCRUBY  
ALFRED SHEMAWSKI  
ELBRIDGE H. STUART  
J. A. SWALWELL  
GEORGE VAN WATERS  
KATHERYN WILSON



"Your Friendly Bank"

ESTABLISHED 1870

Member Federal Deposit Insurance Corporation

## Marquardt Has 50th Anniversary

**R**OY R. MARQUARDT, vice-president of The First National Bank of Chicago, early this Summer celebrated the 50th anniversary of his employment with the bank.

He joined the staff as an office boy at the age of 14 in 1898, but continued his education at evening classes and completed his schooling at Northwestern University some years later. In 1905 he was transferred to the savings department. Starting as a bookkeeper, he worked his way up, and in January 1920 was elected an assistant cashier.

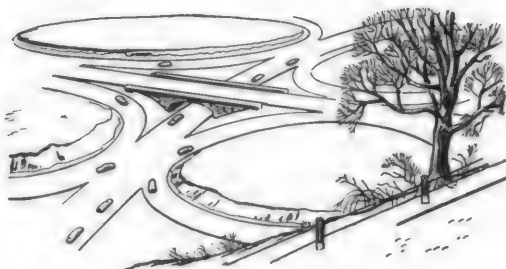


R. R. Marquardt



Barnard Townsend

In 1927 he was promoted to assistant vice-president, and in 1940 to vice-president. He assumed full charge of the savings department in 1941, having under his supervision the accounts of 354,000 savers.



## *When you think of Pittsburgh, Think of Peoples First*

Great new highway projects, an extensive modernization program, a new airport two and one-half times the size of La Guardia, are among the many progressive activities which are creating new business opportunities in Pittsburgh. Peoples First National has an intimate knowledge of local conditions and will be glad to co-operate with you as your correspondent in this area. Your inquiries are cordially invited.

## PEOPLES FIRST NATIONAL BANK & TRUST COMPANY

Pittsburgh 30, Pa.



MEMBER F. D. I. C.

MR. MARQUARDT is a former president of the Savings Division of the American Bankers Association, and served on many of its committees in the interest of promoting savings. He is a life member of the American Institute of Banking.

## Savings Banker Heads Title Company

**B**ARNARD TOWNSEND, who had been president of the Troy (New York) Savings since 1936, has been made president and chief executive officer of the Title Guarantee and Trust Company of New York City. His successor in the bank position is JOHN I. MILLET, formerly vice-president.

Other changes at the bank include the election of ALBERT E. CLUETT as chairman of the board, ALFRED RENSCHAW as chairman of the executive committee, and JOHN S. MABIN, formerly assistant vice-president, as vice-president.

Mr. TOWNSEND, 39 years old, has served as chairman of the investment committee of the Savings Banks Association of the State of New York, and also on the Council of Administration of the National Association of Mutual Savings Banks. He assumed his new position on July 1, succeeding HAROLD W. HOYT who continues as a trustee of the title company.

Mr. MILLET, formerly associated with accounting firms, formed a partnership with JOHN J. DRISCOLL about 20 years ago to specialize in services to banks. He has been with the Troy bank since 1944. He is the author of a book on bank audits and examinations.

K. MACKENZIE has been appointed Royal Bank of Canada branch supervisor for Nova Scotia and Prince Edward Island. He succeeds the late R. M. BOYD.

DANIEL J. MURPHY has retired as vice-president of the Crocker First National Bank of San Francisco after 44 years with the institution. He will continue as a director and an executive committeeman. Mr. MURPHY started with the old Crocker First National which later merged with the First

K. Mackenzie

D. J. Murphy



BANKING



National of San Francisco. He was closely associated with the late William H. Crocker, former president of the Crocker First, and will continue to manage various interests of the Crocker family.

The Financial Group of the Special Libraries Association, at its recent convention in Washington, D. C., elected LAURA MARQUIS of the Mellon National Bank and Trust Company, Pittsburgh, chairman for 1948-49, succeeding ETHEL KLAIRE, Federal Reserve Bank, Cleveland. The vice-chairman is ALVERN H. SUTHERLAND, Federal Reserve Board, who succeeded Miss MARQUIS, and the secretary-treasurer is AMY DENE EARLY, FDIC, succeeding ELEANOR H. GRIEVE, Federal Reserve Bank of Cleveland, Pittsburgh branch. The group's projects for the year include compilation of a selected list of books of interest to financial organizations; a geographical listing of all bank libraries, and a listing of all bank economic letters.

RICHARD H. MANSFIELD has resigned as a vice-president of the Chase National Bank, New York, to become an associate of John D. Rockefeller, Jr. He is a director and finance committee chairman of Rockefeller Center, Inc., and executive vice-president of Rockefeller Brothers, Inc., a corporation created by the five Rockefellers to investigate and finance new productive businesses, and to make and manage investments. At the Chase Mr. MANSFIELD was in charge of all branches.

F. JOSEPH BUTLER has resigned as vice-president of the Chicago Stock Exchange to accept the vice-presidency of the State Bank of Blue Island, Illinois. Mr. BUTLER directed the Exchange's public relations department and served as contact man with officers of listed corporations, member firms and commercial and investment bankers. His election to the State Bank's staff, said President BARTHOLOMEW O'TOOLE, is part of the bank's program for broadening its services, including greater emphasis on personal and industrial credit.

F. J. Butler

R. H. Mansfield



Federal Reserve Librarians at the convention of the Financial Group, Special Libraries Association



## THE HARVESTORS






### Get All the Crop

Built to get all grain and seed crops under all combining conditions, MM HARVESTORS assure lowest cost harvesting per bushel, per acre and per dollar invested! Getting the grain, threshing, separating, and cleaning are "straight through" operations. Simplified V-belt drives permit ready adjustment of gentle-rubbing rasp cylinder to meet various crop conditions. Convenient levers vary height of cut from 2 to 40 inches, adjust header reel and "level" cleaning shoe. Copper-bearing sheet metal, all-steel welded rasp cylinder and concave, and ball or roller bearings on all high speed shafts assure efficient long life and low-cost harvesting. Scour-Kleen attachment for removing dockage from threshed grain, screening and pickup attachments, vertical sickle bar, sacking equipment, and other optional attachments give dependable MM HARVESTORS all-round versatility under all combining conditions.

Quality MM HARVESTORS offer long-life, trouble-free performance that excels on every combining job. Get all the details from your Friendly MM Dealer.

**MINNEAPOLIS-MOLINE POWER IMPLEMENT COMPANY**  
MINNEAPOLIS 1, MINNESOTA

## Raymond B. Cox

RAYMOND B. Cox, 64, president of the Webster and Atlas National Bank of Boston and a former national president of the American Institute of Banking, died June 27 after an illness of several months.

A native of Easton, Maryland, Mr. Cox started his banking career in 1902 as a clerk in the Manufacturers National Bank, Baltimore. Later he was made auditor of the First National Bank in that city and in 1912 became assistant cashier of the First National Bank, New York. Two years later he was elected a vice-president of the Webster and Atlas, moving into the presidency in 1920.

He was president of the American



Edward Motley



J. K. Beretta

Institute of Banking during its 1911-12 year.

EDWARD MOTLEY, who had been senior executive Vice-president of the Webster and Atlas National Bank of Boston, was appointed president to succeed Mr. Cox. Mr. MOTLEY, member of a family prominent in Boston's bus-

iness and professional life for more than a century and a half, is a graduate of Harvard College, class of 1902. He became a partner of an investment firm in 1911 and later joined the Webster and Atlas staff. ROY W. LAWSON has been appointed a director to fill the vacancy caused by the death of Mr. Cox.

## John K. Beretta

JOHN K. BERETTA, 86, pioneer Texas banker and financier, and chairman of the First National Bank of San Antonio, died June 21.

Born at Fort Smith, Arkansas, Mr. BERETTA moved to San Antonio at the age of 11. As a boy of 16 he got his first job as a clerk and a few years later started his own mercantile business, a line that he followed for some time.

In 1892 he founded the Laredo National Bank of which he was president for many years. He organized the Laredo International Bridge Company, which was responsible for the construction of the first bridge between the United States and Mexico. In 1912 he was made an active vice-president of the National Bank of Commerce, San Antonio, becoming president a year later. He held that post until 1944 when he was elected executive chairman of the board. He resigned in 1947, but continued active in business and banking, serving as board chairman of the San Antonio First National.

Mr. BERETTA had been a member-at-large of the Executive Council of the American Bankers Association, president of the San Antonio Clearing House Association, and a director of the Federal Reserve Bank of Dallas.

ARTHUR T. IBBOTSON, JR., former auditor of the Western Savings Fund

At ceremonies changing the name of the West Englewood (N. J.) National Bank to the Graden State National Bank of Teaneck, left to right: Vice-president Ritchie Brooks, Jr.; President Frank A. Weber; Vice-president F. S. Bayles; and Cashier Peter H. Christensen



### Statement of Condition June 30, 1948

#### RESOURCES

Cash and Due From Banks . . . . .	\$ 99,293,069.93
U. S. Government Securities . . . . .	60,346,618.34
State, Municipal and Other Securities . . . . .	835,578.31
Stock in Federal Reserve Bank . . . . .	750,000.00
Loans and Discounts . . . . .	141,428,005.00
Bank Premises and Equipment . . . . .	2,807,657.42
Customers Liability —	
Acceptances and Letters of Credit . . . . .	733,848.79
<b>Total . . . . .</b>	<b>\$306,194,777.79</b>

#### LIABILITIES

Capital . . . . .	\$ 12,000,000.00
Surplus . . . . .	13,000,000.00
Undivided Profits . . . . .	1,816,925.33
Reserve for Dividend, Payable July 1, 1948 . . . . .	240,000.00
Reserve — Under Authority U. S. Treasury, Mim. 6209 . . . . .	1,774,584.87
Reserve for Taxes, Etc. . . . .	1,090,691.37
Acceptances and Letters of Credit . . . . .	733,848.79
Deposits:	
Individual . . . . .	\$192,639,283.63
Banks . . . . .	80,984,930.08
U. S. Government . . . . .	1,914,513.72
<b>Total . . . . .</b>	<b>\$306,194,777.79</b>

**A LEADER** in providing  
STRONG CAPITAL  
UNEXCELLED FACILITIES  
PERSONAL SERVICE

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



A. T. Ibbotson



T. Q. Hall

Society, Philadelphia, has been made a vice-president. He is a student in The Graduate School of Banking. FRANK W. KLINE has succeeded him as auditor.

After 58 years on the staff, TRACY Q. HALL, vice-president of Security-First National Bank of Los Angeles, has retired. He will remain on the board of directors and the executive and trust committees. Mr. HALL began his career with the bank as a messenger, became a director in 1922 and a vice-president in 1926.

LOWELL E. ULLERY has been made a vice-president of The Chase National Bank, New York. DAVID ROCKEFELLER, JESSE F. SKELTON and ROBERT WETZLER are new second vice-presidents.

### Valley National Changes

W. R. WAYLAND, an officer and director of the Valley National Bank of Phoenix, Arizona, since 1929, has been elected chairman of the board.

Mr. WAYLAND came to Arizona from Missouri in 1901, starting as a messenger for a druggist in Solomonville. Moving to Phoenix in 1912, he bought a drug store which developed into a chain. He became connected with the Valley National, which took over the Gila Valley Bank and Trust Company in which he was a stockholder.

"On loan" from the bank, he organized and managed the HOLC in Arizona. Later he started the FHA program for the Valley National.

The bank has also named JAMES DISMUKE, comptroller, and JO ABBOTT, assistant vice-president, as vice-presidents in the home office. MUNDEY JOHNSTON, formerly assistant vice-pres-

L. E. Ullery

W. R. Wayland



August 1948

## Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

California's Statewide Bank

### Condensed Statement of Condition, June 30, 1948

#### RESOURCES

Cash in Vault and in Federal Reserve Bank . . . . .	\$ 711,872,904.66
Due from Banks . . . . .	300,162,685.31
<b>TOTAL CASH . . . . .</b>	<b>\$1,012,035,589.97</b>
United States Government Obligations, direct and fully guaranteed . . . . .	1,714,314,431.70
State, County, and Municipal Bonds . . . . .	292,804,911.68
Other Bonds and Securities . . . . .	96,798,302.63
Stock in Federal Reserve Bank . . . . .	6,499,400.00
Loans and Discounts . . . . .	2,602,110,350.75
Accrued Interest and Accounts Receivable . . . . .	21,836,355.20
Bank Premises, Furniture, Fixtures and Safe Deposit Vaults . . . . .	39,271,961.47
Other Real Estate Owned . . . . .	71,451.35
Customers' Liability on Account of Letters of Credit, Acceptances, and Endorsed Bills . . . . .	72,891,761.56
Other Resources . . . . .	599,773.94
<b>TOTAL RESOURCES . . . . .</b>	<b>\$5,859,234,290.25</b>

#### LIABILITIES

Capital . . . . .	\$ 106,646,375.00
Surplus . . . . .	110,000,000.00
Undivided Profits . . . . .	57,168,023.95
Reserves . . . . .	4,728,170.45
<b>TOTAL CAPITAL FUNDS . . . . .</b>	<b>\$ 278,542,569.40</b>
Reserve for possible Loan Losses . . . . .	35,270,063.96
Deposits { Demand . . . . . \$2,994,322,620.63 Savings and Time . . . . . 2,439,073,427.61 }	5,433,396,048.24
Liability for Letters of Credit and as Acceptor, Endorser, or Maker on Acceptances and Foreign Bills . . . . .	77,195,692.69
Reserve for Interest Received in Advance . . . . .	13,426,867.66
Reserve for Interest, Taxes, etc. . . . .	21,403,048.30
<b>TOTAL LIABILITIES . . . . .</b>	<b>\$5,859,234,290.25</b>

This statement includes figures of the Bank's foreign offices

Main Offices in Two Reserve Cities of California  
SAN FRANCISCO • LOS ANGELES

Branches throughout California united for strength and service

Foreign branches: London, Manila, Tokyo



MEMBER FEDERAL DEPOSIT  
INSURANCE CORPORATION

MEMBER FEDERAL  
RESERVE SYSTEM

ident in the Tucson office, has been elected vice-president in that city.

W. W. SCRUBY, vice-president and director of the Seattle-First National Bank, retired from active service on July 19 after 40 years with the bank. He will continue on the board. Mr. SCRUBY entered banking in 1903 with the National Bank of Commerce, Kansas City, Missouri, and the next year went to Seattle where he worked, successively, for the Washington Trust Company and the Dexter Horton National Bank. He has been a vice-president of Seattle-First since the consolidation in 1929.



W. W. Scruby



A. J. Hartleb

A. J. HARTLEB, vice-president and cashier of The Union Bank of Erie, Pennsylvania, was honored by the directors, officers and staff at a recent dinner celebrating his 25th anniversary with the bank. He joined the staff as

messenger and bookkeeper following graduation from high school in June 1923.

ARTHUR S. KLEEMAN, president of Colonial Trust Company, New York, has received the Ecuador Government's civil decoration "Al Merito," with the rank of officer, in recognition and appreciation of "outstanding services" to that country. Mr. KLEEMAN has long been interested in developing markets in this country for Ecuadorean products and is president of the Ecuadorean-American Association.

LAUDER W. HODGES, former executive manager of the California Bankers Association, is now with the Citizens National Bank of Los Angeles, assigned to the operating department.

WANDELL M. MOONEY, formerly vice-president, has been elected president of the Chemical Safe Deposit Company, New York, succeeding STEPHEN M. LIVINGSTON who has reached retirement age.

TERENCE P. SMITH, loan officer of the Brevoort Savings Bank of Brooklyn, has been made vice-president.

WILFRED H. BELL, assistant secretary in the trust department of The Northern Trust Company, Chicago, has retired after 49 years of service.

C. C. PEARSON, assistant vice-president and manager of the California Bank's Hollywood-Vine office, Los Angeles, has completed 25 years of service.

W. R. HAMPTON and PHILIP HAMPTON, formerly assistant vice-presidents of The Huntington National Bank of Columbus, Ohio, have been elected vice-presidents.

S. T. MASON FREY has been made a vice-president of Bankers Trust Company, New York City.

T. EDWARD KELLER, formerly an assistant vice-president of the State Street Trust Company, Boston, has been made a vice-president.

LEE C. ROBINSON, formerly senior vice-president of the Fiduciary Trust Company of New York, has been elected a vice-president and trust officer of The First National Bank of Miami.

FOSTER W. DOTY, president of the Union Trust Company of Springfield, (CONTINUED ON PAGE 100)



703,000 SAVINGS AND CHECKING ACCOUNTS

CONDENSED STATEMENT OF CONDITION, JUNE 30, 1948

ASSETS

Cash on Hand and in Banks . . . . .	\$ 203,005,622.75
United States Government Securities . . . . .	542,253,382.39
State, Municipal and Other Securities, including stock of the Federal Reserve Bank . . . . .	54,518,906.70
Loans and Discounts . . . . .	254,344,930.74
Bank Premises . . . . .	3,882,147.23
Other Real Estate . . . . .	1.00
Other Assets . . . . .	2,621,529.58
Customers' Liability on Acceptances . . . . .	792.21
<b>Total . . . . .</b>	<b>\$1,060,627,312.60</b>

LIABILITIES

Capital Stock . . . . .	\$ 13,800,000.00
Surplus . . . . .	22,200,000.00
Undivided Profits . . . . .	6,177,531.10
Reserve for Retirement of Capital Notes . . . . .	2,500,000.00
Reserve for Contingencies . . . . .	2,157,720.67
Capital Notes . . . . .	4,000,000.00
<b>Total Capital Funds . . . . .</b>	<b>\$ 50,835,251.77</b>

DEPOSITS

Commercial and Savings . . . . .	\$978,478,605.27
Estates and Corporate Trust . . . . .	26,546,916.92
<b>Total . . . . .</b>	<b>\$1,005,025,522.19</b>
Accrued Taxes, Interest, etc. . . . .	2,735,019.92
Other Liabilities . . . . .	2,030,726.51
Acceptances Executed for Customers . . . . .	792.21
<b>Total . . . . .</b>	<b>\$1,060,627,312.60</b>

Contingent Liability on Loan Commitments—\$12,277,500.00

United States Government Securities carried at \$67,619,004.20 are pledged to secure U. S. Government Deposits and other Public Funds and for other purposes as required or permitted by law.

Assets are shown NET after deducting Reserves.

Ohio's Largest Bank  
welcomes individuals and corporations  
seeking new or additional banking services.

52 CONVENIENT OFFICES

Northern Ohio:

Painesville • Willoughby • Bedford • Lorain

COMMERCIAL • SAVINGS • TRUSTS

Member: Federal Deposit Insurance Corporation

Federal Reserve System



# THE DETROIT BANK

## Condensed Statement of Condition

June 30, 1948

### RESOURCES

Cash and Due from Banks.....	\$ 98,249,020.12
United States Government Obligations.....	307,738,610.53
(Due or Callable within one year \$65,234,900.96)	
(Due or Callable 1 to 5 years \$181,703,123.45)	
State and Municipal Securities.....	7,172,817.54
(Due within 5 years \$3,772,856.53)	
Corporate and Other Securities (Including Detroit Savings Safe	
Deposit Company Stock \$100,000.00).....	13,772,465.40
(Due within 5 years \$9,960,776.91)	
Loans and Discounts.....	59,393,710.53
Real Estate Mortgages and Loans.....	58,180,375.61
Federal Reserve Bank Stock.....	356,100.00
Bank Properties and Equipment.....	2,665,806.53
(Main Office and Thirty-One Branch Offices)	
Accrued Interest and Prepaid Expense.....	1,765,491.69
Customers Liability on Acceptances and Credits.....	103,413.50
Other Assets.....	105,335.99
Total.....	<u>\$549,503,147.44</u>

### LIABILITIES

Commercial Deposits:	
Individuals, Corporations and Others.....	\$226,283,815.04
U. S. Government.....	8,273,624.39
Other Public Funds.....	<u>22,446,156.12</u>
Savings Deposits.....	257,003,595.55
Total Deposits.....	<u>271,718,973.89</u>
Unearned Interest.....	528,722,569.44
Accrued Dividends, Expenses and Other Liabilities	677,657.37
Acceptances and Letters of Credit.....	958,181.94
Preferred Stock (168,500 Shares).....	103,413.50
Common Stock (175,000 Shares).....	3,370,000.00
Surplus.....	3,500,000.00
Preferred Stock Retirement Provision.....	5,000,000.00
Undivided Profits.....	2,750,000.00
General Reserves.....	2,553,683.99
Total.....	<u>1,867,641.20</u>
	<u>19,041,325.19</u>
	<u>\$549,503,147.44</u>

United States Government Securities in the foregoing statement with a par value of \$26,965,000.00 pledged to secure public and other deposits where required by law, including deposits of the State of Michigan amounting to \$4,287,070.78.



**COMMERCIAL and SAVINGS BANKING**  
**MAIN OFFICE, GRISWOLD at STATE • DETROIT, MICH.**

**32 OFFICES THROUGHOUT THE CITY**  
**MEMBER OF FEDERAL DEPOSIT INSURANCE CORPORATION**

(CONTINUED FROM PAGE 98)

Massachusetts, is president of the newly formed Community Council in that city.

THOMAS K. VICK, who has been East Texas manager for Universal C.I.T. Credit Corporation, has joined the staff of The National City Bank of Dallas as assistant vice-president.

EDWARD M. CUMMINGS, formerly an assistant vice-president of Chemical Bank & Trust Company, New York, is now a second vice-president of the

Continental Illinois Bank and Trust Company of Chicago.

Mrs. JENNIE OSTROM JACOBSON, editor of the *National City News*, house organ of The National City Bank of Cleveland, has been elected treasurer of the Northern Ohio Industrial Editors Association. She has also been named chairman of the Erma Proetz award contest committee of the Women's Advertising Club of Cleveland.

Citations for meritorious service to the Greater New York Fund in its 1948 appeal, which raised more than \$5

million for hospitals, health and welfare agencies, were presented to WILLIAM L. KLEITZ, president, Guaranty Trust Company; WILLARD K. DENTON, president, Manhattan Savings Bank; and C. HARRY WINNERS, president, Bankers Federal Savings & Loan Association.

WILLIAM P. JENDRYK, assistant vice-president of the First National Bank of Philadelphia in charge of the Centennial office, has retired after 43 years' service.

Mr. and Mrs. FRANK T. HODGDON of Hannibal, Missouri, celebrated their 50th wedding anniversary recently. Mr. HODGDON, cashier of the Farmers & Merchants Bank & Trust Company, Hannibal, has been in the banking business about 53 years.

JOHN L. GIBSON has been made vice-president in charge of the time credit department of the Republic National Bank of Dallas. He has been head of the Dallas National's industrial loan department and has had wide experience in the personal finance field.

LUKE T. SMITH has been appointed vice-president and manager of Rochester Trust Office, Lincoln Rochester (New York) Trust Company. Mr. SMITH, formerly an assistant vice-president of the company, is an alumnus of The Graduate School of Banking, Class of 1946, and a former president of Rochester Chapter, A.I.B.

The First National Bank of Arizona has appointed LYLE L. YOUNG, a livestock expert, as Yuma County representative of its crop and livestock loan department, with headquarters at Yuma. He will act as appraiser and loan specialist. Mr. YOUNG, who has long specialized in animal husbandry, was on the Mexican-American Hoof and Mouth Commission.

Vice-presidents GRAHAM B. BLAINE and LAWRENCE C. MARSHALL, of the Bank of the Manhattan Company, New York, have been elected directors of the bank.

L. C. Marshall

G. B. Blaine



BANKING



## MAN OF THE WORLD

Today, the farmer is the most important man of the world. He is not only keeping us well fed . . . he is keeping millions, all over the world, from starving. Last year alone, he shipped over 20 million tons of food out of the country.

That means he is doing a lot of local business too — financing crops, buying farm equipment (some of it manufactured in Wichita),

remodeling homes, furnishing them with furniture and home appliances. He is buying and selling at a greater pace now.

Naturally, many such transactions — from local to international and back — pass through the terminal facilities of the Fourth. That is why — with experience gained and contacts made — you can get quick dependable service at the Fourth. Call on us soon and let us show you.

## THE FOURTH NATIONAL BANK IN WICHITA

Douglas at Market  
MEMBER FEDERAL DEPOSIT



Wichita 2, Kansas  
INSURANCE CORPORATION

1948 —  
Ten Companies of  
the Home Fleet  
merged into  
The Home Insurance Company

# 1948...

*Better Protection for a Better Tomorrow*

producers it affords the advantages and economies of simplification and concentration of detail.

*The Home, through its agents and brokers, is the leading protector of American Homes and the Homes of American Industry.*

☆ THE HOME ☆  
*Insurance Company*  
NEW YORK

**FIRE • AUTOMOBILE • MARINE**



## Methods & Ideas

### Open House for the Bank Family

ON the theory that the families of its staff would like to visit the bank and meet the people they've heard so much about at home, the LA SALLE NATIONAL BANK of Chicago recently held an open house for employees' relatives. Wives, husbands, children, parents, brothers, sisters and grandparents were invited to the bank for an informal evening get-together.

"We know," commented President John C. Wright, "that the bank and the people in it are favorite topics of conversation in the homes of our employees, and we felt that the folks at home would appreciate the opportunity of actually visiting the bank's quarters and meeting the people they have heard so much about. The fine attendance and the friendly spirit of the evening proved this to be true."

The bank's doors closed at the regular time on the afternoon of the party, but reopened at 6 o'clock for the 500 guests, many of whom had never been in the La Salle. For several weeks the departments had vied with each other in a housecleaning campaign, so everything was shipshape for company. Departments scheduled their staff members in half-hour shifts as hostesses and as demonstrators of the business machines and other equipment.

It was all quite informal. Children had an opportunity to see where daddy worked and to try out the many office gadgets. Interdepartmental communications were used, coin counters demon-

strated, address plates printed, papers perforated. The safe deposit vault, open for the evening, proved to be a high spot of interest. Souvenir comic books and pencils added to the youngsters' enthusiasm.

A feature of the party was an exhibit of employees' hobbies. There was also a continuous showing of sound slide films taken in the bank. A buffet supper was served.

### News in a Bank

There's lots of news in a bank—if you know where to look for it.

Take, for example, staff participations in civic activities. Local newspapers are always eager to print names, and when one of your bank's employees is elected to office in a community organization, the fact is newsworthy.

This brief commentary was prompted by a release that reached BANKING from the public relations department of BANK OF AMERICA. It listed a number of officers who had been chosen to civic positions: two men were recently made officers of community chambers of commerce; another had been appointed chairman of his town's Red Cross chapter; a fourth was the new treasurer of his town's transit committee; another had been elected to a city council. Still another, a woman, was serving as president of a county escrow association.

Information of this sort is news, espe-

cially in small towns, and we'll wager that B. of A.'s release provided items for a number of papers.

### A Good Word for School Savers

At the end of the school year the DOLLAR SAVINGS BANK, New York City, published a newspaper ad announcing that 60,000 pupils in 107 Bronx schools had saved a total of \$1,900,000 through the bank's school savings department.

The copy congratulated the youngsters for "their fine record of accomplishment" and thanked the parents, principals and teachers for "their thoughtful cooperation."

"Thrift training obtained during their school days," continued the ad, "will stand these children in good stead throughout their entire lives. Sow Habit; reap Character."

"Dollar Savings Bank is proud to aid in this important training through its school savings department."

### Television Financing

NATIONAL SHAWMUT BANK of Boston, which 30 years ago claimed to be the first American bank to offer automobile instalment financing, now has a time payment plan for purchasers of television sets. Also, the bank is spon-

(CONTINUED ON PAGE 104)



# "My Remington Noiseless is paying dividends"



**SO QUIET** it won't disturb clients—or phone calls!



**SO QUIET** it cuts down tellers' "window-fatigue!"



**SO QUIET** it permits concentration—reduces errors!

"You can actually concentrate since our Remington Noiseless Typewriters joined the bank. And they're paying real dividends in the form of less fatigue, less strain, and greater efficiency all 'round. My Noiseless rates continuous praise for the crisp, distinctive appearance of our letters and reports, too. That's why my boss says he's drawing a *double dividend* . . . typing perfection plus quiet!"

## **Here's Proof!—that Quiet increases typist's efficiency and gives maximum return on your "typing station" investment**

Assuming you spend approximately \$2,500 annually to operate one "typing station"\*—you can readily see that an increase of as little as 5-10% is vital if you expect to get maximum returns from your investment.

Tests conducted by Dr. Donald A. Laird, director of the Psychological Laboratory of Colgate University, proved that a typist expends 20% more energy under noisy conditions . . . and that her production is reduced

about 5%. Therefore, it was concluded, a 15% reduction in noise brings a 5% increase in typing efficiency!

Let your nearby Remington representative make a free survey to see if any outmoded typewriters are boosting office costs in your bank. At the same time, he can show you how the Remington Noiseless gives quiet, efficient typing at lowest net cost.

\* Salary of operator, supplies, rent, taxes, etc.



Makers of Remington KMC, Quiet Deluxe KMC and Portable Typewriters.

## **Remington Rand**

THE FIRST NAME IN TYPEWRITING



Producing a National Shawmut television commercial. The camera man stands ready while the makeup man puts the finishing touches on the model for Chief Obbatinewat, the bank's emblem. Seated are Advertising Manager Richard Williams and Vice-president John Barry, in charge of the bank's advertising and publicity

(CONTINUED FROM PAGE 102)

soring three television programs on the recently opened Boston station.

The new service was announced in large advertisements in the Boston newspapers.

"We like to think that our trailblazing in automobile financing," said President Walter S. Bucklin, "helped not only those who wanted cars, but the industry in general. And we hope the steps we're taking now will help in getting television in the Boston area off to a successful start."

"Here at the Shawmut we want to see television grow and prosper. As an entertainment medium we feel that its future is very bright. And through this instalment plan and the Shawmut television shows, people in this area can start enjoying it right now."

### Peony Show

Thousands of persons visited the NORTHWESTERN NATIONAL BANK of Minneapolis this Summer to see the peony show in the lobby. The Minnesota Garden Flower Society, second oldest organization of its kind in the country, cooperated by displaying flower arrangements.

The bank made the show a North-western promotion, giving its outlying offices an opportunity to invite their

Miss Betty Golden of the Northwestern National's staff holds the prize-winning peony grown by G. H. Greaves, a St. Paul banker



## STATEMENT OF CONDITION

# MERCANTILE-COMMERCE

## BANK AND TRUST COMPANY

Locust-Eighth-St. Charles  
ST. LOUIS, MISSOURI

JUNE 30, 1948



### THE RESOURCES

Cash and Due from Banks.....	\$ 88,430,730.49
United States Government Obligations, direct and guaranteed (incl. \$19,425,082.36 pledged*).....	116,332,147.09
Other Bonds and Securities.....	19,913,104.67
Demand and Time Loans.....	111,160,951.41
Stock in Federal Reserve Bank in St. Louis.....	600,000.00
Real Estate (Company's Building).....	2,790,536.40
Other Real Estate (Bank of Commerce Building).....	700,000.00
Overdrafts.....	59,857.57
Customers' Liability on Acceptances and Letters of Credit.....	1,667,175.94
Other Resources.....	1,032,032.96
	<u>\$342,686,536.53</u>

### THE LIABILITIES

Capital Stock.....	\$12,500,000.00
Surplus.....	7,500,000.00
Undivided Profits.....	5,250,096.84
Reserve for Dividend Declared.....	250,000.00
Reserve for Interest, Taxes, etc.....	2,303,665.94
Bank's Liability on Acceptances and Letters of Credit.....	1,667,175.94
Other Liabilities.....	294,293.39
Deposits, Secured:	
U. S. War Loan \$ 6,841,384.04	
Other Public Funds.....	5,982,588.77
	<u>\$ 12,823,972.81</u>
Other Deposits:	
Demand.....	\$242,737,373.90
Savings.....	56,853,577.21
Time.....	506,380.50
	<u>\$300,097,331.61</u>
	<u>\$312,921,304.42</u>
	<u>\$342,686,536.53</u>

\* All securities pledged are to the U. S. Government or its Agents, State of Missouri and the City of St. Louis, to secure deposit and fiduciary obligations.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

customers and friends to see the blooms. Bouquets of peonies were shown in each branch. Attached to the flowers was a small card of invitation to the show at the main office. Publicity in the local weekly papers had a neighborly slant.

The Northwestern plans to hold three annual flower shows in its lobby. The peonies will be followed by gladioli and dahlias.

At the recent exhibit first prize was awarded a peony grown by G. H. Greaves, president of the St. Anthony Park State Bank, St. Paul.

### Public Relations in Checks

PARK NATIONAL BANK of Holyoke, Massachusetts, has a new counter check with a background design picturing several of the city's landmarks.

Six panels show, in delicate brown-tint etchings, the war memorial building, the public library, an old tavern, the Holyoke dam, Mount Holyoke College and the city hall.

### Fashion Show in Bank Lobby

A style pageant sponsored by a community business association was held in the lobby of the STANDARD STATE BANK, Chicago.

Approximately 1,000 persons crowded into the bank to see the models, and several hundred more were turned away for lack of room.

The president of the Highland Business Association reported that some stores in Southwest Chicago had to call in extra sales people the next day to take care of customers attracted to the shops by the show. The bank celebrates its first birthday this month.

A model at the Standard State Bank's style show



This super-streamlined motor caravan is a mobile branch of a British Bank. It will operate in the farming areas



KEYSTONE

### RECEIVING can mean RESELLING

Time Payments, presented with Allison's Payment Coupon Books, involve no writing—no hunting or selecting cards—no window bookkeeping. Just stamp the stub "paid," detach the coupon and the job is done.

Customers like this NO WAITING SERVICE. You'll like it, too, because it is conducive to repeat business, which, in turn, is vital to Consumer Credit growth and profits.



For Complete Information and Samples Write to Head Offices at Indianapolis 6, Indiana

### TRANSIT STATION C. T. Co.

From north, east, south and west flow transit items of correspondent banks in 42 states . . . in and out of C. T. Co. at the transit cross roads of the Nation. And Commerce 24-hour transit service saves from one to three days on a great many of them. With more direct sending points than any other bank in the U. S. . . . and private wire system to all principal financial centers . . . the Commerce offers you this service that is unsurpassed for swiftness and efficiency.

**Commerce Trust Company**  
KANSAS CITY, MISSOURI

Established 1865

Member Federal Deposit Insurance Corporation

## Bank Displays Prize Photos

Prize-winning photographs in *Schoolastic Magazine's* competition for senior and junior high school students were displayed recently in the windows and lobby of EAST RIVER SAVINGS BANK's Rockefeller Center office, New York.

The theme of the exhibit was "100 Years of Photography," which the bank tied to its centennial celebration this year. Photographs of old New York were shown with the pictures that won awards.

## Bank's Ads Win Award

The 1948 newspaper advertising campaign of THE IDAHO FIRST NATIONAL

BANK won second place among general newspaper ads in western states at the annual Advertising Association of the West convention. The bank's headquarters is at Boise.

Short feature copy, unusual layouts, and the slogan "See Idaho First National . . . First" characterize the series, which is being run in Idaho communities where the bank's 17 offices are located. The campaign was prepared by a Boise agency.

## Bank Television Program

SECURITY-FIRST NATIONAL BANK of Los Angeles has been using a television program as part of its advertising cam-



From the Security-First's animated film strip used in television

paign. On an experimental basis, the bank sponsored an animated film strip, "The Special Account of Peter Muddle," made by a former Disney artist under supervision of the SECURITY-FIRST's advertising agency. The original schedule was for weekly showings over a month's period, after which additional runs were planned if the program was well received.

The two-minute film features checking accounts. It tells the story of a young man who has too many bills to meet and not enough time to pay them in person.

One television station is operating in Los Angeles commercially, although more are planned. There are about 25,000 receivers in the city.

## Oldest Depositors Honored

UNION SQUARE SAVINGS BANK of New York City honored the owners of three of its oldest savings accounts, active for a total of 208 years, at a ceremony mark-

## Consumer credit needs several forms of insurance . . .



## ... and through Old Republic you can provide them all

Experience has repeatedly proved that, when a consumer needs credit, his family has a corresponding need for insurance protection.

So, today, the question is no longer "shall we insure our consumer items," but simply, "What company offers the most practical insurance on consumer credit?"

In the opinion of more than two thousand of America's leading financial institutions, the answer to that question is "Old Republic."

At your request, we are glad to send specimen policies with complete information on our specialized plan of cooperation with institutions in your field.

## Old Republic policies include:

**LIFE COVERAGE**—  
Either Monthly-Decreasing or Level-Term basis.

**ACCIDENT AND HEALTH**—  
which is often combined with Life coverage to make a complete insurance package.

**HOME GUARD INSURANCE**—  
covering mortgage loans with life protection.



## OLD REPUBLIC CREDIT LIFE INSURANCE COMPANY

Providing a complete service of Life and Accident & Health protection on Consumer Credit

James H. Jarrell, President

Chicago 6, Illinois

Second National Bank of Philadelphia added a novel touch to its 1948 rose show in the lobby: a fountain that sprayed real perfume. Below, a bank employee demonstrates the technique. More than 300 exhibits competed for 40 prizes offered by the bank. The show was televised





ing the 100th anniversary of the bank's opening.

The oldest account, opened 97 years ago, belongs to Harmony Lodge No. 199, F. & A.M., Manhattan. R. H. Brownell, president of the bank, presented a \$100 Savings Bond to the lodge's treasurer. Mr. Brownell also gave \$100 bonds to Patrick Mallon, 84 years old, and R. L. Goldsborough, 73, who have been UNION SQUARE savers for 56 and 55 years, respectively.

On its anniversary, July 1, the bank received congratulatory letters from Secretary of the Treasury John W. Snyder, Governor Thomas E. Dewey and New York's mayor, William O'Dwyer.

### The American Way of Banking

The FIRST NATIONAL BANK OF CHICAGO'S 10-week advertising campaign in newspapers and business publications to promote "the American way of banking" has attracted wide attention.

"The series," commented *Advertising Age*, "has a double-barrel power in that each ad is tied in with a different industry and announces that reprints of the series are available for use in factories, schools and other institutions. A spokesman said that such requests have already been received from 30 states and Canada.

"Each ad is headed with a quiz question for which the answer, says the ad, 'should make you feel mighty proud of yourself.' Quiz No. 5, for instance, displays a picture of a man's suit with the question, 'Who gets the best value in men's suits?' The ad answers: 'A wool worsted suit costs the average American worker what he gets paid for 25 hours and 20 minutes of working time. How long do you think the average *British* worker has to work for the price of a wool suit? And the average *Russian* worker? Fill in the blanks with your best guess.'

"Correct answers appear at the lower right, upside down. The ad continues: 'The right answers . . . make you feel mighty proud . . . of how much more *our* economic system does for *us* than any other system. . . . And all the people who work for the First National Bank of Chicago feel just as proud as you do, because the American way of banking is one of the many things that help make the American way of living the best way in the world!'"

BOSTON FIVE CENTS SAVINGS BANK reports that its life insurance department is the first in the country to reach \$40 million of insurance in force. The bank now has 45,000 policyholders. The department was opened in 1929.

This is the annual meeting of the Dairyman's State Bank, Clintonville, Wisc. Stockholders are invited to bring their families and a guest. After the meeting there's an entertainment. In the foreground Cashier Max Stieg makes his report, illustrated with slides



### New Fiber Crop Being Tested in Georgia

Ramie, a fibrous grass native to Japan and China, is now being introduced into South Georgia. The fiber, said to have eight times the tensile strength of cotton and five times that of flax, markets currently at 17 cents per pound, and expected average yields are 1500 to 2000 pounds to the acre.

New crops and new industries mean increased prosperity for Georgia, for her citizens, for us, and for our correspondent banks.

WE INVITE YOU TO JOIN OUR GROUP



*The* **Fulton** NATIONAL BANK  
COMPLETE SERVICE AT 8 OFFICES IN METROPOLITAN AREA OF ATLANTA

MEMBER FEDERAL RESERVE SYSTEM  
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

In U.S.  
Dollars...



Canadian Pacific  
Express Company  
United States Dollar  
Travellers Cheques...and  
Money Orders payable in United  
States Dollars...are redeemable  
at par by The National City Bank  
of New York, New York.

*Canadian Pacific*

## Washington

(CONTINUED FROM PAGE 54)

So what the Treasury did was to turn down the rise in the certificate rate, which would have been the clear signal that it anticipated not only more inflation, but at rather a sharp rate.

### Treasury Watches Inflationary Trend

At the same time, however, the Treasury retained the alert against the danger of inflation. It showed this attitude by resuming in July its program of

retiring around \$100 million of Treasury bills per week, thereby reducing the total available reserves in the banking system.

The earlier bill retirement program was cut off in the Spring. Development of the war scare of that time, in conjunction with the enactment of the income tax cut over the President's veto, induced an attitude of caution by the Treasury. It was decided to hold onto cash for contingencies. However, the Treasury resumed this limited program

of debt retirement when it became apparent that outpayments for defense would not be larger by any substantial amount in the immediate few months.

Retirement of bills was also facilitated by the receipt of the cash from the opening up of F and G bonds to larger purchases by institutional investors. It is explained that institutional buyers, particularly pension funds, had been petitioning for a relaxation of the purchase ceilings upon these bonds. So, they were relaxed temporarily for all such types of eligible investors. The situation was looked upon by officials as analogous to the circumstances which led to the offering last year of the special "tap" bond issue in response to the demand of prospective investors at that time for a non-market Treasury security.

There seemed to be a mixed prospect for prices, at the beginning of Summer. Now some new shots have been given to inflation. It is these new stimulants which at the moment are causing monetary managers to re-appraise their estimates of the outlook, and to make decisions reflecting these estimates.

### Wage Hikes Change Outlook

Most pronounced of the new factors is the breadth of the third round of wage increases. Beginning with the settlement of wage disputes in the motor industry earlier in the Summer, wage increases have snow-balled. Coal came next. The long dispute of three operating unions of railroad workers

(CONTINUED ON PAGE 110)

## STATEMENT OF CONDITION

At the Close of Business June 30, 1948

### RESOURCES

Loans and Discounts .....	\$ 48,384,038.47
U. S. Government Securities .....	68,240,772.21
State, County and Municipal Securities .....	11,092,266.03
Other Investment Securities .....	639,906.27
Stock in Federal Reserve Bank .....	300,000.00
Overdrafts .....	7,725.84
Customers' Drive-in Facility, Bank Vault, Furniture and Fixtures .....	381,024.70
Other Real Estate .....	4.63
Customers' Liability Account — Letters of Credit Issued .....	393,855.00
Cash and Due from Banks .....	68,742,954.58
	<b>\$198,182,547.73</b>

### LIABILITIES

Capital Stock — Common .....	\$5,000,000.00
Surplus .....	5,000,000.00
Undivided Profits .....	5,900,936.85
Reserve for Taxes, Employees' Pension Account, etc. ....	1,416,425.96
Liability Account — Letters of Credit Guaranteed .....	393,855.00
Deposits .....	180,471,329.92
	<b>\$198,182,547.73</b>

Member Federal Deposit Insurance Corporation

OF OKLAHOMA CITY



"Filing is easy here. If you don't know where it goes, just put it under Miscellaneous!"

# NATIONAL BANK OF DETROIT

DETROIT, MICHIGAN

Complete Banking and Trust Service

STATEMENT OF CONDITION, JUNE 30, 1948

## RESOURCES

Cash on Hand and Due from Other Banks . . . . .		\$ 312,431,504.49
United States Government Securities . . . . .		599,435,416.97
Stock of the Federal Reserve Bank . . . . .		1,500,000.00
Other Securities . . . . .		76,253,988.53
Loans:		
Loans and Discounts . . . . .	\$ 177,879,665.90	
Real Estate Mortgages . . . . .	51,504,116.25	
	\$ 229,383,782.15	
Less Reserve for Losses . . . . .	1,349,630.07	228,034,152.08
Branch Buildings and Leasehold Improvements . . . . .		1,621,126.66
Accrued Income Receivable . . . . .		3,175,491.55
Customers' Liability on Acceptances and Letters of Credit . . . . .		2,003,267.59
		<u>\$1,224,454,947.87</u>

## LIABILITIES

Deposits:		
Commercial, Bank and Savings . . . . .	\$1,083,148,625.79	
United States Government . . . . .	45,858,104.65	
Other Public Deposits . . . . .	29,829,466.97	\$1,158,836,197.41
Accrued Expenses and Taxes Payable . . . . .		1,209,291.20
Income Collected—Unearned . . . . .		1,439,834.75
Common Stock Dividend No. 29, Payable August 2, 1948 . . . . .		525,000.00
Acceptances and Letters of Credit . . . . .		2,003,267.59
Reserves . . . . .		4,154,358.97
Capital Funds:		
Common Stock . . . . .	\$ 15,000,000.00	
Surplus . . . . .	35,000,000.00	
Undivided Profits . . . . .	6,286,997.95	56,286,997.95
		<u>\$1,224,454,947.87</u>

*United States Government Securities carried at \$80,247,139.55 in the foregoing statement are pledged to secure public deposits, including deposits of \$14,234,484.96 of the Treasurer-State of Michigan, and for other purposes required by law.*

## DIRECTORS

HENRY E. BODMAN  
ROBERT J. BOWMAN  
PRENTISS M. BROWN  
CHARLES T. FISHER  
CHARLES T. FISHER, JR.

JOHN B. FORD, JR.  
B. E. HUTCHINSON  
ALVAN MACAULEY  
WALTER S. McLUCAS  
W. DEAN ROBINSON

NATE S. SHAPERO  
R. PERRY SHORTS  
GEORGE A. STAPLES  
R. R. WILLIAMS  
C. E. WILSON

## TRUST DEPARTMENT

This bank acts as Trustee, Executor and Corporate Agent

Member Federal Deposit Insurance Corporation

# Guaranty Trust Company of New York

140 Broadway

Fifth Ave. at 44th St. Madison Ave. at 60th St. Rockefeller Plaza at 50th St.

LONDON • PARIS • BRUSSELS

## Condensed Statement of Condition, June 30, 1948

### RESOURCES

<b>Cash on Hand, in Federal Reserve Bank, and</b>	
Due from Banks and Bankers . . . . .	\$ 680,832,855.44
U. S. Government Obligations . . . . .	1,123,217,847.28
Loans and Bills Purchased . . . . .	870,076,683.69
Public Securities . . . . .	\$ 78,525,795.32
Stock of Federal Reserve Bank . . . . .	9,000,000.00
Other Securities and Obligations . . . . .	10,294,152.93
Credits Granted on Acceptances . . . . .	14,040,589.77
<b>Accrued Interest and Accounts</b>	
Receivable . . . . .	7,726,124.16
Real Estate Bonds and Mortgages . . . . .	1,321,660.50
	120,908,322.68
Bank Premises . . . . .	4,858,969.78
Other Real Estate . . . . .	38,946.40
<b>Total Resources . . . . .</b>	<b>\$2,799,933,625.27</b>

### LIABILITIES

Capital . . . . .	\$ 100,000,000.00	
Surplus Fund . . . . .	200,000,000.00	
Undivided Profits . . . . .	63,848,493.22	
<b>Total Capital Funds . . . . .</b>	<b>\$ 363,848,493.22</b>	
Deposits . . . . .	\$2,310,497,816.86	
Treasurer's Checks Outstanding . . . . .	41,718,679.50	
<b>Total Deposits . . . . .</b>	<b>2,352,216,496.36</b>	
Acceptances . . . . .	\$ 20,367,441.68	
Less: Own Acceptances Held for Investment . . . . .	6,186,442.60	
	\$ 14,180,999.08	
Dividend Payable July 1, 1948 . . . . .	3,000,000.00	
Items in Transit with Foreign Branches . . . . .	967,691.04	
Accounts Payable, Reserve for Expenses, Taxes, etc. . . . .	65,719,945.57	
	83,868,635.69	
<b>Total Liabilities . . . . .</b>	<b>\$2,799,933,625.27</b>	

Securities carried at \$90,235,817.59 in the above Statement are pledged to qualify for fiduciary powers, to secure public moneys as required by law, and for other purposes.

J LUTHER CLEVELAND  
Chairman of the Board

WILLIAM L. KLEITZ  
President

### DIRECTORS

GEORGE G. ALLEN Director, British-American Tobacco Company, Limited, and President, Duke Power Company  
WILLIAM B. BELL President, American Cyanamid Company  
F. W. CHARSKIE Chairman, Executive Committee, Union Pacific Railroad Company  
J. LUTHER CLEVELAND Chairman of the Board  
W. PALEN CONWAY  
CHARLES P. COOPER Vice-Chairman of the Board, American Telephone and Telegraph Company  
WINTHROP M. CRANE, Jr. President, Crane & Co., Inc., Dalton, Mass.  
STUART M. CROCKER President, The Columbia Gas System, Inc.  
JOHN W. DAVIS of Davis Polk Wardwell Sunderland & Kiendl  
CHARLES E. DUNLAP President, Berwind-White Coal Mining Company  
GANO DUNN President, The J. G. White Engineering Corporation  
WALTER S. FRANKLIN Executive Vice-President, The Pennsylvania Railroad Company  
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JOHN A. HARTFORD President, The Great Atlantic & Pacific Tea Company  
CORNELIUS F. KELLEY Chairman of the Board, Anaconda Copper Mining Company  
MORRIS W. KELLOGG Chairman of the Board, The M. W. Kellogg Company  
WILLIAM L. KLEITZ President  
CHARLES S. MUNSON Chairman, Executive Committee, Air Reduction Company, Inc.  
WILLIAM C. POTTER Retired  
GEORGE E. ROOSEVELT of Roosevelt & Son  
EUGENE W. STETSON Chairman, Executive Committee, Illinois Central Railroad Company  
THOMAS J. WATSON President, International Business Machines Corporation  
CHARLES E. WILSON President, General Electric Company  
ROBERT W. WOODRUFF Chairman, Executive Committee, The Coca-Cola Company

(CONTINUED FROM PAGE 108)

with management was settled, but only to raise the curtain on still another round of proposed wage increases for railroad workers.

Railroad labor's third round lags behind other wage movements because of the delays occasioned by the machinery for handling railroad wage disputes. Nevertheless, some time, perhaps beginning early this Fall for the non-operating employees, the railroads probably will be forced to settle with their employees on a basis which will require a higher wage bill from the roads. Railroad management will turn at once to the Government for permission to raise freight rates to meet these added costs.

Finally, there is the steel industry, which has been trying to hold the line against price increases, particularly since last February. In that month the industry was condemned almost unmercifully by both Congress and the Administration for a moderate increase in steel prices announced at the time.

Despite the fact that government economists acknowledged that the industry, even with that price increase, had not offset its higher costs, the industry was censured. Such was the political mood of the time.

### Treasury Decides Interest Policy

Within several days the Treasury may be expected to disclose inferentially its newest verdict on what it thinks will be the progress of inflation. That verdict may be revealed when the terms

(CONTINUED ON PAGE 112)



"Mr. Schmalz just phoned. Said last night by mistake he dropped his lunch in the night depository—limburger sandwiches."





**Mama Hanson** is the central character of a book, a play, and a recent movie starring Irene Dunne.

The wonderful thing about the Hanson family was the way they faced the future with confidence. That confidence was all due to Mama. "If anything goes wrong," she'd say, "there's always my Bank Account to pull us through."

Things worked out fine for the Hansons. And they never realized that Mama's Bank Account was Mama's own myth.

"**I Remember Mama**" proves something. It proves that, with a reserve fund in the present, you face the future with a confidence and faith that helps you *get results*.

But the average family can't be fooled with a

myth. The average family needs to know that there are *real* savings, *real* security protecting them, good times and bad.

**That's why so many families** have begun to save the automatic, worryless way—with U. S. Savings Bonds.

Savings Bonds are government-guaranteed to pay back four dollars for every three, and in just ten years. It's an investment that's *safe*—it's an investment that *grows*.

And to make it simpler still, your government offers you two fine plans for their purchase: (1) The Payroll Savings Plan at your firm. (2) For those not on a payroll, the Bond-A-Month Plan at your bank.

## AUTOMATIC SAVING IS SURE SAVING - U.S. SAVINGS BONDS



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**CONDENSED  
STATEMENT OF CONDITION**

At the Close of Business June 30th, 1948

**ASSETS**

Cash on Hand and with the Federal Reserve Bank	\$ 63,440,881.40	
Due From Other Banks	9,561,399.77	
United States Government Securities	191,208,410.20	\$264,210,691.37
Other Bonds and Debentures		896,585.00
Other Securities		9.00
Miscellaneous City and County Warrants		209.58
Stock in Federal Reserve Bank		360,000.00
Loans and Discounts		32,231,694.98
Bank Premises, Furniture & Fixtures		4.00
Customers' Liability on Letters of Credit & Acceptances		315,460.79
Customers' Liability Under Loan Commitment Agreements		7,117,166.67
Accrued Interest Receivable on Loans & Securities		733,529.82
<b>TOTAL</b>		<b>\$305,865,381.21</b>

**LIABILITIES**

<b>Deposits:</b>		
Demand	\$177,503,200.67	
Time	81,027,085.94	
Public Funds and United States War Loan		
Deposit Account	24,576,433.85	\$283,106,720.46
Letters of Credit & Acceptances		336,958.26
Loan Commitment Agreements		7,117,166.67
Interest Collected but Unearned		39,522.57
Reserve for Dividends, Interest, Taxes and Insurance		810,693.17
Capital Paid In	\$ 6,000,000.00	
Surplus	6,000,000.00	
Undivided Profits	2,454,320.08	14,454,320.08
<b>TOTAL</b>		<b>\$305,865,381.21</b>

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OF LOS ANGELES

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**HEAD OFFICE—MONTREAL**

**Assets exceed**

**\$2,000,000,000**



(CONTINUED FROM PAGE 110)

for the September financing are announced. If the one-year rate remains at 1½ percent, it may be assumed that the Treasury does not anticipate rapid price increases in the three or four months ahead. On the other hand, if the Treasury does see the prospect of a sharp advance in inflation generally, it may go along and boost the one-year rate to 1¼ percent.

Regardless of the Treasury's viewpoint, the Federal Reserve Board is convinced that inflation is progressing rapidly and that the one-year rate should be boosted so as to discourage commercial bank lending and encourage the acquisition by banks of government short-term securities instead.

As a matter of fact, it is believed that there is a unanimous opinion among all the members of the Board of Governors of the Federal Reserve System that there is unquestioned danger of inflation ahead, although the new Chairman of the Board, Thomas B. McCabe, has not made public his views.

In the absence of such views, it is suggested that the Reserve has felt necessary the increase in the short-term government rate beyond the present 1½ percent. Based on past action, should the Treasury in its September financing follow through with the rise, an increase in the discount rate to a penalty rate above the new one-year government rate could be expected to follow.

Mr. McCabe, it is said, has not altered the views he first presented to



"One minute now. It's not hooked up yet."

**BANKING**

the Senate Banking Committee that inflation is an all-around matter, not merely the creation of the banks. As a matter of fact, commercial banks, he thinks, should not be blamed because of the large increase in the monetary supply which was made inevitable by the kind of war financing resorted to. Their part in making war financing possible was commendable, and they did not participate in the increase in the monetary supply with the motive of increasing their assets.

Since inflation is an all-around affair, monetary means alone will prove to be insufficient. The job of holding inflation, a long-time job, requires the teamwork of all elements of the economy and of all citizens.

From the monetary side of the picture, the new chairman is reported to believe that, so far as possible, increased commercial bank reserves should be prevented. If they continue to rise, it may then become necessary to favor an increase in required legal reserves.

### Report Record Budget Surplus

Notwithstanding the subtraction of something under half a billion dollars in revenues by the income tax reduction, the Treasury came up with a budgetary surplus of \$8,419 million during the fiscal year which ended June 30. This surplus was the greatest in the nation's history. It is more than seven times the surplus of \$1,155 million in the fiscal year 1927, the highest previous surplus.

Actually the chief revenue-reducing effect of the tax reduction will be felt in the current Treasury year.

Principal explanation for the achievement of a '48 fiscal year surplus almost a billion dollars in excess of that forecast in January was that expenditures for foreign aid and national defense went out more slowly than expected.

From the actual fiscal performance of the Federal Government during fiscal '48 is suggested a thought or two with respect to trends in '49, the current year. So long as the prospect for high prices and high wages continues, it is likely that revenues will exceed the estimates made by the Treasury when tax reduction was under consideration in Congress. Treasury estimates were predicated upon national income payments at the rate of \$200 billion per year. They seem to be holding at \$210 billion.

But on the other hand, higher prices may work toward a higher level of government expenditures, on general account, for foreign aid and for national defense, because the goods and services

the Government buys presumably also are rising in price.

Chairman McCabe is in agreement with the philosophy of the Board's publication, "The Federal Reserve System, Its Purposes and Functions," his office reported.

The philosophy in question is stated at the opening of the brochure, as follows:

"The principal purpose of the Federal Reserve is to regulate the supply, availability, and cost of money with a view to contributing to the maintenance of a high level of employment, stable values, and a rising standard of living."

### Cut Housing Finance Aids

Officials are watching with the keenest interest the possible effects of probably the most pervasive anti-inflationary legislation enacted during the past session of Congress. While the past Congress was anti-inflationary in the sense of turning down costly programs to increase government expenditures in many directions, on its own motion it cut back the degree of government support for inflationary home mortgage lending to the lowest it has been since the war.

(CONTINUED ON PAGE 115)

## The FIFTH THIRD UNION TRUST CO.

CINCINNATI, OHIO

Statement as of June 30, 1948

### RESOURCES

Cash and Due from Banks.....	\$ 63,570,914.51
United States Bonds.....	67,221,385.24
Other Bonds and Securities.....	14,438,368.68
*Loans and Discounts.....	85,981,787.68
Federal Reserve Stock.....	420,000.00
Banking Premises Occupied.....	3,580,506.58
Customers' Liability Under Acceptances.....	76,580.63
Income Accrued Receivable and Prepaid Expense.....	477,102.67
Other Resources.....	296,057.92
<b>TOTAL.....</b>	<b>\$236,062,703.91</b>

### LIABILITIES

Capital Stock.....	\$ 7,000,000.00
Surplus.....	7,000,000.00
Undivided Profits.....	2,551,758.02
<b>Total Capital Funds.....</b>	<b>\$ 16,551,758.02</b>
General Reserve.....	1,634,994.26
Reserve for Dividends Payable.....	105,000.00
Reserve for Taxes.....	582,553.78
Reserve for Interest, etc.....	179,377.93
Liability Under Acceptances.....	76,580.63

### DEPOSITS:

**Commercial, Bank and Savings.....	211,227,358.65
U. S. Government.....	5,189,370.36
Other Liabilities.....	515,170.28
<b>TOTAL.....</b>	<b>\$236,062,703.91</b>

\*In addition to this item as shown we have unused loan commitments outstanding in the amount of \$4,715,408.40.

\*\*This includes \$2,912,552.55 of trust money on deposit in the Banking Department, which, under the provisions of the banking law, Section 710-165 of the State of Ohio, is a preferred claim against the assets of the bank.

### DIRECTORS

CHARLES F. BARRETT  
Railway Express Agency, Inc.  
WALTER C. BECKJORD  
President, The Cincinnati Gas and Electric Co.  
STERLING B. GRAMER  
First Vice President  
POWELL, CROSBY, JR.  
President, Crosley Motors, Inc.  
EDWARD W. EDWARDS  
Chairman of Board, The Edwards Mfg. Co.  
JOHN H. GOREY  
Emeritus  
JOSEPH S. GRAYDON  
Graydon, Head and Ritchey, Attorneys  
E. WEBSTER HARRISON  
Partner, Harrison & Co.  
JOHN P. HOLLISTER  
Taft, Stettinius & Hollister, Attorneys  
LOUIS L. KAUFMAN  
Sec. and Treas., Wm. J. Herbert Realty Co.

RICHARD E. LeBLOND  
President, The R. K. LeBlond Machine Tool Co.  
WILLIAM H. MOONEY  
President, The American Oak Leather Co.  
GEORGE A. RENTSCHLER  
Chairman of Exec. Committee, Lima-Hamilton Corp.  
JOHN J. ROWE  
President  
CARL J. SCHMIDLAPP  
Senior Vice Pres., The Chase National Bank, N. Y.  
HAROLD T. SIMPSON  
President, Printing Machinery Corp.  
LEONARD S. SMITH, JR.  
President, The National Marking Machine Co.  
ETHAN B. STANLEY  
Ch. of Board, The Amer. Laundry Machinery Co.  
WILLIAM A. STARK  
Vice President and Trust Officer  
CLIFFORD R. WRIGHT  
Chairman Investment Committee, The Union Central Life Insurance Co.

MAIN OFFICE: FOURTH & WALNUT STS.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION—MEMBER FEDERAL RESERVE SYSTEM

## STATEMENT OF CONDITION, JUNE 30, 1948

### RESOURCES

Cash and Due from Banks . . . . .	\$1,203,034,945.43
U. S. Government Obligations . . . . .	1,632,762,060.73
State and Municipal Securities . . . . .	37,494,179.62
Other Securities . . . . .	126,899,161.59
Loans, Discounts and Bankers' Acceptances . . . . .	1,461,069,553.89
Accrued Interest Receivable . . . . .	8,561,369.20
Mortgages . . . . .	20,617,572.94
Customers' Acceptance Liability . . . . .	20,343,543.62
Stock of Federal Reserve Bank . . . . .	7,950,000.00
Banking Houses . . . . .	30,660,493.36
Other Assets . . . . .	1,939,071.00
	<u>\$4,551,331,951.38</u>

### LIABILITIES

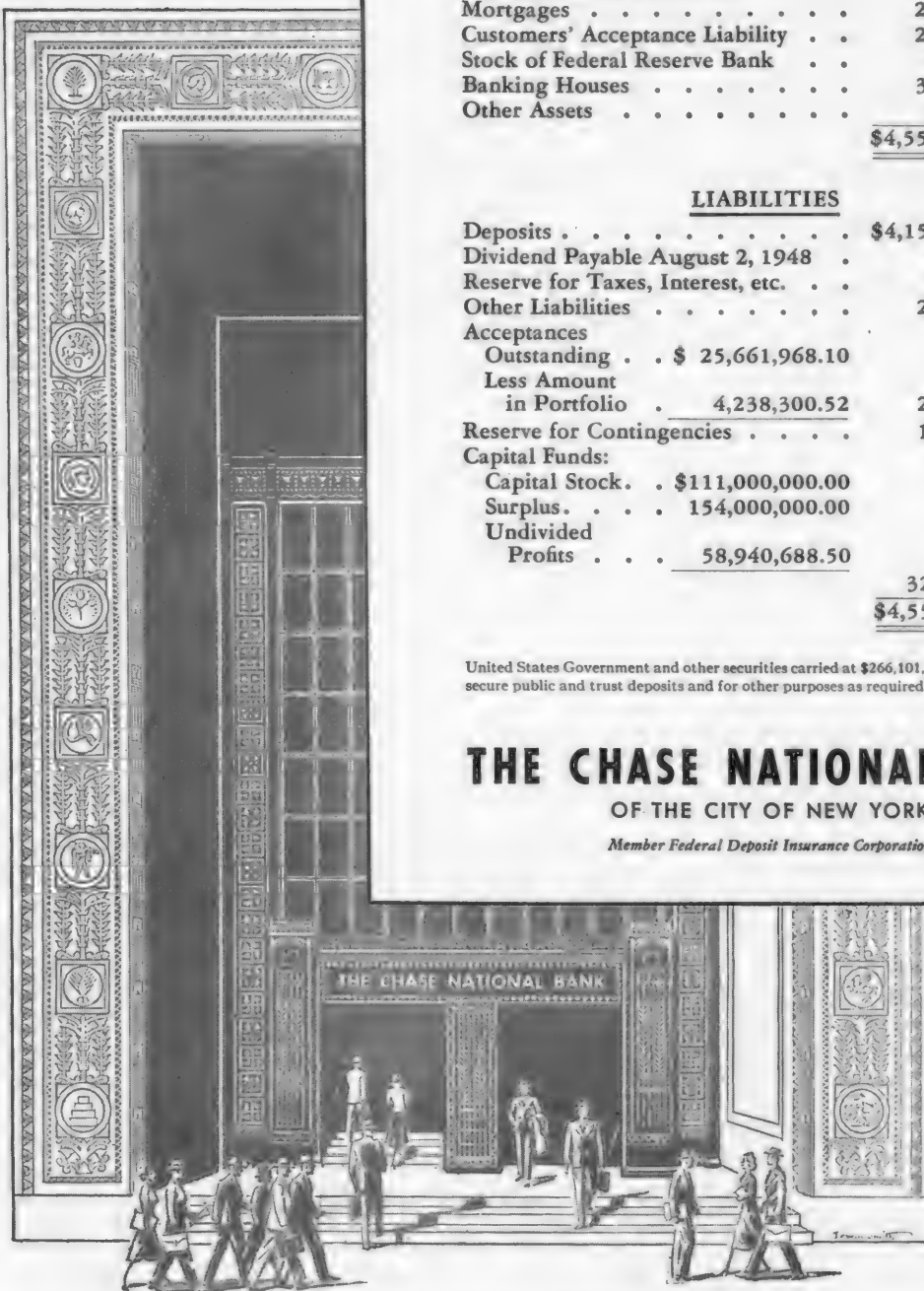
Deposits . . . . .	\$4,154,808,627.36
Dividend Payable August 2, 1948 . . . . .	2,960,000.00
Reserve for Taxes, Interest, etc. . . . .	8,291,321.26
Other Liabilities . . . . .	21,425,322.92
Acceptances Outstanding . . . \$ 25,661,968.10	
Less Amount in Portfolio . . . . . 4,238,300.52	21,423,667.58
Reserve for Contingencies . . . . .	18,482,323.76
Capital Funds:	
Capital Stock . . . \$111,000,000.00	
Surplus . . . . . 154,000,000.00	
Undivided Profits . . . . . 58,940,688.50	
	<u>323,940,688.50</u>
	<u>\$4,551,331,951.38</u>

United States Government and other securities carried at \$266,101,220.00 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

## THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

Member Federal Deposit Insurance Corporation





(CONTINUED FROM PAGE 113)

The "campaign special session" of Congress finds the so-called liberal groups just as determined to force through the TEW bill as in the last session. It also finds the opponents of public and easy housing finance as determined as ever. If some other influence should come to bear, then the "immovable object" might move, or the "irresistible force" be resisted.

Congress did rewrite the RFC's Federal National Mortgage Association secondary market. It provided that only loans insured after April 30 should be eligible for sale to "Fanny May," the RFC's subsidiary. Congress also specified that Veterans Administration guaranteed mortgages also might be sold to Fanny May, but only if the houses under mortgage meet FHA's building standards. Likewise only those VA-guaranteed mortgages which are guaranteed after April 30 are eligible for sale.

Finally, Congress ruled that only original lending institutions may shift their mortgages to the new secondary market. It further limited sales to 25 percent of any lending institution's portfolio of mortgages eligible under the new act, including only those insured or guaranteed since April 30. All prior mortgages are ineligible.

Affirmatively Congress raised to 95 percent the ratio of mortgage insurance under FHA Section 207 or the insurance of mortgages for limited dividend housing projects—provided veterans' co-operatives build such projects. The higher loan ratio under this section is granted only to veterans' co-operatives organized to launch the limited dividend projects. While there is likely to be little construction under this special provision generally, some construction may be promoted successfully in the South despite 207's cost limitation of \$1,350 per room.

### Free Building from Controls

In the main, Congress clamped down on easy mortgage financing. At the same time, after a bitter fight, it finally junked the multifarious easy financing provisions of the Taft-Ellender-Wagner housing bill. These included public housing, slum clearance, accelerated depreciation and yield insurance for rental projects, rural slum clearance and a federal subsidy for housing research.

Against the strongest backing for any domestic proposal in the last session of Congress, the TEW bill was killed. Those who finally succeeded in shelving the bill did so as part of a well knit plan

to free housing from governmental controls. First they attacked controls on building materials directly, and last year brought such controls to an end. Then they lightened greatly the weight, after the war, of official rent control.

These Congressional leaders believe that rent control and the possibility of its re-imposition are in a large part responsible for a lag in rental construction. They believe that, with rent controls finally removed, private capital will again and naturally gravitate into construction of rental projects, other things being equal. Without rent control all the glittering props proposed as a part of the TEW bill to bring back rental construction, may prove to be unnecessary.

Hence these leaders will drive to bring an end finally to rent control next year.

### Fellowships in Finance

THREE fellowships have been awarded to college faculty members to enable the recipients to come to New York for six-week periods to acquaint them with the workings of the financial community. The grants amount to \$500 plus all traveling expenses.

This educational effort is being underwritten by every brokerage house, investment firm and securities dealer represented by the Association of Stock Exchange Firms, the Investment Bankers Association, the New York Stock Exchange, the New York Curb Exchange and the National Association of Securities Dealers. These organizations have placed representatives on the 14-man board of the Joint Committee on Education, and have pledged their financial support.

The first three fellowships offered by the committee have been granted to Paul Lloyd Howell, assistant professor of finance at Northwestern University, Evanston, Illinois; Frank Maxwell Graner, assistant professor of finance, University of Wisconsin, Madison; and John T. O'Neil, assistant professor, University of North Carolina, Chapel Hill.

The idea behind the fellowships is to impress upon the nation the mechanics of the American securities business, the part that financial institutions play in the building and expansion of industry and the importance of the free market in competitive enterprise.

Annual index to BANKING will be available about October 1

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**RUBBER BANDS!**  
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NUMBERS
- ★ BANK STATEMENTS TO  
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visit, while enjoying Detroit's  
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Vice President and  
General Manager



## The Dividend Policies of Banks

A PROTEST against "forced-draft sale of bank stock" and a plea that "banks be allowed to liberalize their dividend policies" are made by Roland I. Robinson, Professor of Banking, The School of Commerce, Northwestern University. Writing on "Bank Capital and Dividend Policies" in the July Number of the *Harvard Business Review*, Professor Robinson points out that, considering the relative adequacy of bank capital for risk coverage, the policies of banking supervisors are unrealistic and unreasonable.

In furtherance of their policies, he points out, "the supervisory agencies have urged two specific lines of action: (1) the retention of a large proportion of earnings—in other words, minimum dividends; and (2) the sale of additional stock. The first of these policies has been continuously urged since the banking holiday; the second has had more prominence during those periods when the market price of bank shares has approached or exceeded their book value. . . .

"Whether because of supervisory prodding or the natural conservatism of banks, the first of these policies has been very successful. About five-ninths of bank earnings of Federal Reserve members since the banking holiday have been retained and added to capital accounts. . . . The second policy has had little success. Since the banking holiday commercial bank capital has increased more than \$3½ billion. . . . It appears that not more than one-tenth of the increase, probably much less, was due to sale of new capital shares.

"The reason for this situation is fairly evident. Except for short periods since the banking holiday bank shares have commanded a market price generally below book value. The share prices of larger banks, for which bid quotations are published, went above book value only during 1936-1937 and again, briefly, near the end of the war."

Professor Robinson contends that these two policies are contradictory.

He asks: "Which of the two contradictory policies should supervisors pursue? If the supervisory authorities really want more capital sold in the markets, would it not be wise for them to smile rather than frown on more generous dividend distribution?"

In considering capital adequacy, Pro-

fessor Robinson examines the history of banking difficulties in the past and comes to the conclusion that "inadequate capital never has been a leading or basic cause of banking difficulties."

Professor Robinson concludes his article with a discussion of reasonable dividend standards for individual banks. "(1) Many banks, such as those in nonindustrial suburbs and in matured communities have limited loan opportunities. The major employment of funds for such banks is in investments. . . . Once this sort of program has been adopted, a fairly high proportion of earnings over the long run can be paid out. . . . (2) Banks with sizable loan opportunities may be justified in following the policy of retaining a great deal of earnings. In a few cases they may even find it advantageous to sell additional shares. . . . Any bank that has actually turned away loan business for lack of capital (it must be admitted that this rarely happens) probably could have earned a satisfactory return on the capital it needed to keep such loan business. . . . (3) Equalization of dividends over the various phases of business fluctuations has much to merit it as a policy. . . . Fluctuations in banking profits have been due more to nonrecurring losses than to changes in the net earnings from current operations. Since loan losses were greater than investment losses, and since loans are now relatively less important, bank earnings should fluctuate cyclically less than in the past. . . .

"(4) Another factor to which individual banks must look forward in framing dividend policy is their growth prospects. For the banking system as a whole, growth of recent years has been almost wholly due to governmental fiscal policy. This growth has ceased. . . . There is some likelihood that rough deposit stability for the banking system as a whole may prevail. This prediction is made despite the fact that on a relative basis the share of business financing done by banks seems to be showing a long-term secular decline. . . . (5) Finally, the character of bank stock ownership must affect dividend policy. A bank with closely held shares can suit the convenience of these few shareholders. Many banks have found, on the other hand, that broadened stock ownership may be one way of improving public relations."



CHARTER NO. 64

# First Wisconsin National Bank of Milwaukee

*Statement of Condition as of June 30th, 1948*

## Directors

WILLIAM G. BRUMDER  
Vice President

WILLIAM MERRILL CHESTER  
President-Treasurer,  
T. A. Chapman Company

E. J. DEMPSEY  
Attorney, Oshkosh

WALTER GEIST  
President,  
Allis-Chalmers Mfg. Co.

JOSEPH F. HEIL  
President, The Heil Co.

WALTER V. JOHNSTON  
Industrialist

WALTER KASTEN  
President

GEORGE E. LONG  
President, Koehring Co.

ERNST MAHLER  
Executive Vice President,  
Kimberly-Clark Corp.

ROBERT E. PABST

CYRUS L. PHILIPP  
President,  
Union Refrigerator Transit Co.

HAROLD H. SEAMAN  
Industrialist

LAWRENCE F. SEYBOLD  
Executive Vice President,  
Wisconsin Electric Power Co.

WM. TAYLOR  
Executive Vice President

CHARLES O. THOMAS  
President,  
Pal-O-Pak Insulation Co.

ERWIN C. UHLEIN  
President,  
Jos. Schlitz Brewing Co.

JOSEPH E. UHLEIN  
Banker

JOSEPH E. UHLEIN, JR.  
President, Glenogle Co.

ROBERT A. UHLEIN  
Banker

ROBERT A. UHLEIN, JR.  
Jos. Schlitz Brewing Co.

WILLIAM D. VOGEL  
Real Estate and Investments

## RESOURCES

Cash and Due from Banks.....	\$137,585,861.01	
U. S. Government Securities.....	313,897,473.77	451,483,334.78
Other Bonds and Securities.....		16,958,558.22
Stock in Federal Reserve Bank.....		600,000.00
Loans and Discounts.....		89,605,733.21
Accrued Income Receivable.....		1,204,614.56
Bank Buildings.....		3,287,952.93
Other Resources.....		1,497,840.23
		<hr/>
		\$564,638,033.93

## LIABILITIES

Capital.....	\$10,000,000.00	
Surplus.....	10,000,000.00	
Undivided Profits.....	7,116,967.12	
Special Reserves (includes amount sufficient to amortize U. S. Government and all other securities to par).....	8,361,432.70	35,478,399.82
Reserves for Interest, Expenses, Etc.....		1,176,571.49
Deposits.....	517,000,255.19	
War Loan Deposit Account.....	9,960,977.67	526,961,232.86
Other Liabilities.....		1,021,829.76
		<hr/>
		\$564,638,033.93

President, WALTER KASTEN

Executive Vice President, WM. TAYLOR

### Vice Presidents

WILLIAM G. BRUMDER  
EDWIN BUCHANAN  
GEORGE T. CAMPBELL  
EDWARD R. DROPPERS

CARL M. FLORA  
PIERRE N. HAUSER  
WILLIAM J. KLUMB  
JOSEPH U. LADEMAN  
EDWIN R. ORMSBY

JOHN S. OWEN  
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JOSEPH W. SIMPSON, JR.  
ROY L. STONE

Cashier, A. G. CASPER

Comptroller, CLARENCE H. LICHTFELDT

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# Monetary Controls

(CONTINUED FROM PAGE 47)

"low" fractional reserve requirements exert upon the expansion and contraction of bank credit.

(3) That perhaps the answer could be found in a modified "ceiling reserve plan" whereby the federal authorities could require a bank to carry higher reserves against any increase that occurs in its deposits after some specified date.

(4) That responsibility for monetary policy be vested primarily with the Federal Open Market Committee rather than with the Board of Governors.

## The Banker Reaction

The poll among prominent bankers and bank economists revealed the following reactions to these ideas:

(1) A majority favors uniformity of reserve requirements for all member banks, or at least some move in that direction. It should be emphasized, however, that most of the bankers canvassed are in Central Reserve and Reserve Cities and that the opinions of country bankers might be very different. Moreover, several voiced strenuous objections. The president of a large southern bank reasons that "applying Central Reserve City reserve requirements to all banks would impose an unnecessary hardship on the small units" and that "applying a lesser reserve uniformly would merely provide additional reserves for credit expansion in the Central Reserve Cities where it would be used to the limit."

(2) Many bankers are undecided as to whether the general level of reserve requirements should be raised as a permanent proposition. Only a few are fully convinced that this would be desirable. As most of them see the picture, the chief effect of higher reserve requirements under existing conditions would be the transfer of government securities from their own portfolios to the Federal Reserve banks. It is doubted that this would have any important effect upon credit expansion as long as the Reserve System continues to make its own credit so freely available.

(3) There is very little sentiment in favor of any kind of "ceiling reserve plan." It would be difficult to administer and would be unfair to banks and communities which are growing rapidly.

(4) The chief argument for transferring more authority to the Federal Open Market Committee is that this would enable five Federal Reserve bank presidents to participate with members of the Board, all of whom are on the committee, in the formulation of credit policy. Voting control would still rest with the members of the Board but regional representation would be thus obtained. The Board itself has at times recommended that the administrative powers of the committee should be increased.

Many bankers favor some shift of authority from the Board to the committee. Several are undecided, some opposed. The general feeling is that the fundamental need is to obtain the services of the most capable men available for membership on the Board.

## Do We Need a National Monetary Commission?

The merits of these and many other problems of monetary management obviously cannot be determined merely by a sampling of opinions. In fact, the problems in this field are so complicated and so far-reaching in their implications that Mr. Sproul, also Winthrop W. Aldrich, chairman of the Chase National Bank, have publicly urged that a National Monetary Commission should be appointed to make a thor-

ough study of our entire banking and monetary set-up. (EDITOR'S NOTE: Some of the background for this suggestion is given on page 76.)

Mr. Sproul summarized his viewpoint as follows: "There has been no general review of our whole monetary and credit organization and workings since the studies of the National Monetary Commission which preceded the establishment of the Federal Reserve System in 1913. It is time, I submit, to review all of our legislative authorities in the light of our experience and our existing economic environment."

In June Mr. Aldrich told the New York State Bankers Association that "the current inflation makes clear the need for constructive action, of a long-term character, in the field of monetary and banking legislation. In order to determine the constructive action which is required, a monetary and credit commission should be established with authority, powers and expert assistance to make the necessary studies and report its findings to the Congress."

## Can Politics Be Kept Out?

Several bankers indicate that they would favor a commission if there were assurance that it could be kept free from undue political influence. A few have some doubts as to whether a commission is the most effective means of obtaining results. The chairman of one large institution classes himself as "not enthusiastic." Only two are flatly opposed.

The composition of the commission and its staff would obviously be of first importance. Mr. Aldrich stated that membership "should not consist exclusively of members of Congress but should also include authorities and experts from the outside." One banker was even more specific, suggesting that the commission should be "composed of qualified members in Congress of each party, representatives from the Treasury and Federal Reserve Board, some representation from private banking, some leading financial economists with various points of view, and finally some outstanding members of the business community."

Back in 1938, the Federal Reserve Board recommended that Congress should consider ways whereby our credit system might be improved. In August 1939 the Senate passed a resolution authorizing its Committee on Banking and Currency to conduct a comprehensive study of banking and monetary problems. The committee prepared and distributed an exhaustive questionnaire on the subject to various governmental and bank supervisory agencies and to the American Bankers Association and the Association of Reserve City Bankers. Under the pressure of urgent war-time problems, the hearings planned by the committee were indefinitely postponed. The replies received to its questionnaire, however, repose in its files.

DEar misSJonse:  
RaisE granTed.  
Pll ease COm3 back





## World Business

(CONTINUED FROM PAGE 49)

ported inland from the coast, cheaper foodstuffs for miners, etc. All these are needed "to give the mines the necessary breathing space until a new price of gold is fixed with or without international agreement," writes the *South African Financial News*.

Russia, too, is avidly digging dollars in frozen Siberia, using an army of "convicts" under conditions which would appal Dostoevsky, were he alive to read the details in *The Economist*.

Currency reform in Western Germany brought tumbling down the hollow skeleton of the quadripartite government of beaten Germany and dealt what may be a mortal blow to the cigarette standard of value there. The press reports that ECA is furnishing tobacco for the manufacture of 20 billion cigarettes.

Beleagued Berliners are perplexed as to what they dare use for money, what with the threatening Russians brandishing punishment for those who accept the new Western deutsche mark.

Out in Java they have their money problems, too. The chief circulating medium today is still the Japanese invasion currency, supplemented mainly by prewar Netherlands-Indies notes and small amounts of new Netherlands and Republican issues.

### ITO Charter Examined

An all-day meeting in Washington sponsored by the Chamber of Commerce recently reviewed the charter for an International Trade Organization, the complicated document evolved after many months of expert conferring at London, New York, Geneva and Havana. Divergent views were displayed by the several speakers, ranging from the approving address of Dr. Clair Wilcox—who played a leading role in the American delegations to the conferences listed above—to the outright condemnation by Arthur Besse of the protection-minded National Association of Wool Manufacturers.

A paper prepared by Wilbert Ward of the National City Bank of New York, the only banker to participate in the symposium, took the position that we cannot reject the Havana document

and still have a trade organization. Mr. Ward said, in part:

"I do not find that the advocates of rejection of the Havana draft have successfully borne the burden of establishing that a new draft, more to their liking, but nevertheless acceptable to the majority—or even the minimum of 20—is a reasonable possibility. I do not believe that they have given us adequate assurance that renegotiation might not produce an even less acceptable draft . . .

"To summarize, I offer as the best policy . . . not immediate rejection—not immediate acceptance—not renegotiation *de novo*—but further study and an attempt to state the principles, with the emphasis upon a broader recognition of the part that private enterprise can play."

Mr. Ward was impressed by the fact that the Havana ITO charter was a bureaucratic achievement, with business observers consigned to the role of advisors "as a courtesy, not as a right." This he views as a mistake, a failure to recognize the powerful regenerative force for recovery latent in individual initiative and private enterprise.

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## ECA and European Currencies

The negotiation of the bilateral agreements between the U.S. and recipients of ECA aid was accomplished not without considerable discussion and modification of the U.S.-proposed texts. Most notable point of discussion was the now-eliminated provision specifically authorizing the U.S. to raise questions about the validity of other countries' par values and to require the other party to the agreement to take up the matter with the Fund, in cases where the other party is a Fund member. This infringement of monetary sovereignty did not go down well in Whitehall or elsewhere. So it was eliminated. Such questions will hereafter have to be raised in some other fashion, if we wish to raise them. What answer will be given us in such event remains to be seen.

Not unconnected with all this are the requests of the Netherlands and Norway for Fund missions to talk things over. It is hard to imagine what advice a Fund mission can give a country like Holland, which by virtue of long experience knows just about all there is to know concerning the causes of its financial plight. A Fund mission and a member country may both know that the situation calls for a change, say, in domestic political policies. So what? The fact is that European countries

invite Fund missions only to avoid the embarrassment of having the U.S. ask them to do so.

## Multilateral Compensation at the BIS

The latest annual report of the Bank for International Settlements gives an account of the system of multilateral currency clearing conducted each month at Basle. This clearing system was worked out by the European "Committee on Payments Agreements" created as one result of last Summer's Paris conference on the Marshall Plan. Practically all countries participating in ERP have signed the First Agreement on Multilateral Monetary Compensation, drafted in November. Participants in the monthly currency clearings at the BIS fall into two groups: Permanent members and occasional members. The permanent members—Belgium and Luxemburg, France, Italy, Netherlands and the Bizone of Germany—accept the automatic application of simple offsetting operations among themselves. Occasional members are open to propositions for clearing operations from the BIS as "agent," but reserve the right on each occasion to accept or reject such propositions, depending on whether they consider them desirable or not. ERP countries not taking part in the actual compensations are Iceland, which

has only one bilateral compensation agreement (with France), Eire, which has none, Switzerland and Turkey.

In the monthly clearings, whose volume to date must be viewed as disappointing, there are two kinds of operations. "First category compensations" involve only a reduction of existing balances within a closed circuit of countries, each of which is debtor to the next. "Second category operations" are those which produce one or more increases in balances, as when one country pays a second country in the currency of a third. For instance, Norway may use sterling to liquidate a debt to the Netherlands. This necessitates the approval of the British exchange-control authorities.

The BIS, long quiescent, hopes that this new activity will be at least a modest step in the direction of freer exchanges, since some system of multilateral payments in Europe is essential to ERP's success.

In June, *The Banker*, London, commented: "The hopes which some had founded upon the European clearing scheme operated by the BIS have been largely disappointed . . . there was only narrow scope for compensation. . . ." Hence the subsequent proposals at Brussels involving use of some of the ERP local-currency funds for intra-European clearing and greater drawing of dollars from the World Fund.

## "Smaller Bank Profits"

The following editorial, entitled "Smaller Bank Profits," appeared recently in *The Journal of Commerce*, New York:

"Commercial bank profits have been declining since 1945.

"Net profits of member banks of the Federal Reserve System were 17 percent smaller last year than they were in 1945. They have fallen from 10.9 to 7.9 percent of capital funds.

"Three factors have contributed to the contraction of bank profits.

"The most important has been mounting expenses caused by rising salaries and higher prices for supplies. A second influence has been the low interest rates fostered by the United States Treasury, at a time when expanding demands for credit would ordinarily bring about a substantial rise. The third factor is the decline in security profits, which loomed large during the war years, while losses and charge-offs

have increased in amount as the banks have added to their holdings of risk assets.

"The commercial banking system remains overwhelmingly strong and liquid as compared with prewar standards. But a further decline in earnings would not be desirable. It would make far more difficult solution of the problem of expanding capital funds to balance the sharp rise in deposits which the banks face.

"Deposits of commercial banks are almost two and one-half times as large as they were in 1939. But the capital accounts of these banks were increased less than 50 percent during this period.

"So long as bank assets consisted primarily of government obligations, the low ratio of capital to deposits was not a problem. The high quality and the liquidity of assets sharply reduced the capital funds required.

"But now that bank loans are at the highest level in history, the situation is

changing. The proportion of risk assets in bank portfolios is on the increase. The ratio of capital funds to deposits has become too low to assure the ability of the commercial banking system to supply prospective demands from private borrowers for the future.

**B**ANKS can obtain new capital from two sources.

"First, they can retain earnings, adding them to surplus account. In time, these retained earnings can be capitalized through the distribution of stock dividends. Secondly, capital can be raised by selling new stock.

"Reinvestment of earnings has been the main source of new capital for banks in recent years. In 1945, for example, member banks paid out less than a third of their profits in dividends. Even last year, despite smaller earnings, dividends were 43 percent of net profits.

"But the declining trend of earnings, and pressure from stockholders for more dividends, are contracting the amount of retained earnings." . . .



# The First National Bank of Chicago

Statement of Condition June 30, 1948

## ASSETS

Cash and Due from Banks, . . . . .	.\$ 538,989,316.38
United States Obligations—Direct and fully Guaranteed, Unpledged, . . . . .	\$584,435,178.55
Pledged—To Secure Public Deposits and Deposits Subject to Federal Court Order, . . . . .	94,792,000.00
To Secure Trust Deposits, . . . . .	65,224,571.52
Under Trust Act of Illinois, . . . . .	524,480.00
Other Bonds and Securities, . . . . .	89,972,309.17
Loans and Discounts, . . . . .	789,556,563.39
Real Estate (Bank Building), . . . . .	2,644,468.39
Federal Reserve Bank Stock, . . . . .	4,050,000.00
Customers' Liability Account of Acceptances, . . . . .	2,675,634.40
Interest Earned, not Collected, . . . . .	4,661,563.04
Other Assets, . . . . .	258,535.56
	<u>\$2,177,784,620.40</u>

## LIABILITIES

Capital Stock, . . . . .	.\$ 60,000,000.00
Surplus, . . . . .	75,000,000.00
Other Undivided Profits, . . . . .	4,028,030.85
Discount Collected, but not Earned, . . . . .	1,156,723.92
Dividends Declared, but Unpaid, . . . . .	1,200,000.00
Reserve for Taxes, etc., . . . . .	15,504,777.54
Liability Account of Acceptances, . . . . .	3,300,933.31
Time Deposits, . . . . .	\$ 388,117,660.65
Demand Deposits, . . . . .	1,476,698,122.36
Deposits of Public Funds, . . . . .	152,777,632.12
Liabilities other than those above stated, . . . . .	739.65
	<u>\$2,177,784,620.40</u>

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

# Federal Liens on Bank Deposits

(CONTINUED FROM PAGE 45)

tax lien shall not be valid as against a "purchaser" of a "security" for an adequate and full consideration, if at the time of purchase the purchaser is without actual knowledge of the lien. It further defines "securities" as including "money" and "negotiable instruments." The Commissioner points out that a bank account is an indebtedness owed by the bank to its depositors. The fact that the indebtedness arises from the receipt of "money" or "securi-

ties," which may themselves be exempt from the tax lien, does not prevent the lien from attaching to the indebtedness.

In this letter, as in the letter of January 2, 1941, the Commissioner has taken the position that federal tax liens as a matter of law attach to bank deposits, but as a matter of policy the department will not attempt to hold a bank liable for honoring checks drawn on the depositor's account in the absence of

negligence, fraud, or actual knowledge.

It would appear from these letters that constructive notice resulting from the filing of a tax lien would not place liability on the bank, and thus banks have no legal obligation to search the records for liens on customers' accounts. Nevertheless, as pointed out above, there is an implication in these letters that a bank must hold up a customer's account when it receives "actual knowledge" of a tax lien.

## How a Bank Can Protect Itself

T. C. Mooney, acting Commissioner at the time, indicated in his letter of January 2, 1941, that, since the statutes fail to establish a procedure to be followed by persons dealing in property subject to lien where the transaction occurs prior to levy, it was inappropriate for his office to formulate by means of a ruling any such procedure for banks to follow. However, he indicated in the same letter that a bank may protect itself after receiving actual knowledge or notice in the following manner:

"In cases where the bank is informed of the existence of the federal tax lien against property in its possession, it is believed that the bank may protect itself against the possibility of liability to the Government by promptly notifying the Collector of the facts, meanwhile withholding such transfers of the property as appear likely under the circumstances materially to impede enforcement of the Government's interests. If within a reasonable time after such notification the Collector fails to levy upon the property, it is believed that the bank may proceed with the proposed transfer without danger of re-



## STATEMENT OF CONDITION JUNE 30, 1948

### RESOURCES

Cash and Due from Banks . . . . .	\$ 46,163,893.87
U. S. Government Bonds . . . . .	66,443,881.00
Other Bonds and Securities . . . . .	14,068,423.09
Loans and Discounts . . . . .	111,058,598.24
Bank Buildings . . . . .	1,396,505.96
Furniture and Fixtures . . . . .	397,021.69
Other Real Estate Owned . . . . .	15.00
Accrued Interest Receivable . . . . .	954,682.71
Customers' Liability on L/C . . . . .	114,043.08
Other Resources . . . . .	650,888.30
<b>Total Resources . . . . .</b>	<b>\$241,247,952.94</b>

### LIABILITIES

Deposits . . . . .	228,008,504.76
Unearned Discount . . . . .	1,741,735.52
Letters of Credit . . . . .	114,043.08
Reserves for Taxes, Interest, Etc. . . . .	1,214,166.52
Reserve for Dividends . . . . .	188,750.00
Capital Funds	
Preferred Stock . . \$ 700,000.00	
Common Stock . . . 3,000,000.00	
Surplus . . . . . 4,000,000.00	
Undivided Profits . . 1,148,953.06	
Reserves . . . . . 1,131,800.00	9,980,753.06
<b>Total Liabilities . . . . .</b>	<b>\$241,247,952.94</b>

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MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

"Identification? Brooks Lynch, have you forgot the night I slapped your face?"





sulting liability to the Government." It can be seen that the foregoing statement leaves to the banks the difficult interpretation of what is "a reasonable time after notification."

The Commissioner likewise has never laid down a definition of "actual knowledge." If "actual knowledge" means an official notice from the Collector's office, then the bank's problem in dealing with these tax liens would be much simpler than if actual knowledge means the knowledge on the part of any responsible bank officer. In the latter case, the position of large banks would be difficult indeed, because it would be hard to prove that some officer has not seen the notice. Some newspapers and journals carry as a regular item lists of tax liens. Actual knowledge might even be knowledge on the part of the employees paying the check. It is believed, however, that actual knowledge will be decided as a matter of fact in each individual case, and thus it would be based on the evidence presented.

From the foregoing discussion it can be seen that a bank's position upon receiving actual notice of a federal lien attaching to a depositor's account prior to levy is by no means certain. It would seem that a bank's safest and best procedure upon learning of such a lien against one of its depositors would be to follow the Bureau's advice by notifying the Collector, and holding up payment from the account for a reasonable length of time.

It is possible that this situation might be cleared up by requesting a Commissioner's ruling. However, it has been indicated to us that in all probability

the present Commissioner would take the same position that was formerly taken by Mr. Mooney — which is that since there is no statute specifying the procedure to follow by those dealing in property subject to a federal tax lien prior to levy, it seems inappropriate for his office to make such a ruling.

We have received very few letters from banks complaining of the Bureau's actions in regard to these liens in cases where there has been no levy. No cases have ever arisen on this point. This leads us to believe that the Bureau is handling these situations in an equitable manner. If the Bureau's attitude changes at some future time, then it may be necessary to seek to have this

matter cleared up through legislation. Similar legislation has been proposed in the past, and improvements have been made, but we feel that there is still some question as to whether a bank is definitely protected if it makes payments when actual knowledge of a tax lien is available to the bank or its officers.

It should be carefully noted that the courts have consistently held that the United States can only claim through the taxpayer and is subject to the defenses and equities affecting him. *United States v. Bank of Shelby* (1934 C.C.A. 5th) 68F(2d) 538; *Karno-Smith Company v. Maloney* (3 C.C.A. 1940) 112 Fed. (2d) 690.

# THE NORTHERN TRUST COMPANY

CHICAGO

*Statement of Condition, June 30, 1948*

## RESOURCES

Loans and Discounts.....	\$ 98,244,778.14
U. S. Government Securities.....	272,471,333.84
Other Bonds and Securities.....	112,631,797.50
Federal Reserve Bank Stock.....	450,000.00
Bank Premises.....	1,400,000.00
Customers' Liability, Account Letters of Credit and Acceptances.....	1,341,600.72
Other Resources.....	164,441.25
Cash and Due from Banks.....	148,379,076.64
<b>TOTAL.....</b>	<b>\$635,083,028.09</b>

## LIABILITIES

Capital Stock.....	\$ 3,000,000.00
Surplus.....	12,000,000.00
Undivided Profits.....	5,941,528.92
Reserve for Taxes, Interest, etc.....	13,521,717.53
Dividend Payable July 1, 1948.....	135,000.00
Letters of Credit and Acceptances Outstanding..	1,341,600.72
Other Liabilities.....	251,517.53
<b>Deposits:</b>	
Demand.....	\$430,318,683.45
Time.....	159,098,821.38
U. S. Government.....	9,474,158.56
	598,891,663.39
<b>TOTAL.....</b>	<b>\$635,083,028.09</b>

United States Government securities carried in the above statement at \$13,590,984.39 are pledged to secure public and other monies, as required by law; and United States Government and other securities carried at \$517,309.17 are deposited with the State Authorities under the Trust Act.

Member Federal Deposit Insurance Corporation

"I used to be broke on Friday... These days I'm broke by Wednesday."



1895



1948

## Statement of Condition

June 30, 1948

### RESOURCES

Cash and Due from Banks.....	\$48,779,936.54	
U. S. Government Securities.....	83,981,447.51	\$132,761,384.05
Other Bonds and Securities.....		6,268,074.67
Loans and Discounts.....		46,660,257.46
Federal Reserve Bank Stock.....		180,000.00
Income Earned, Not Collected.....		362,931.01
Bank Premises.....		1.00
Investment in Future Banking House.....		600,000.00
Furniture and Fixtures.....		1.00
Customers' Liability Under Letters of Credit.....		1,842,932.68
Other Resources.....		18,668.74
		<u>\$188,694,250.61</u>

### LIABILITIES

Deposits: Individuals, Firms and Corporations.....	\$140,248,230.71	
Banks.....	22,441,540.59	
U. S. War Loan Account.....	3,263,354.86	
Other Public Funds.....	11,339,322.48	\$177,292,448.64
Income Collected, Not Earned.....		219,935.10
Taxes, Interest and Expense—Accrued.....		634,090.22
Reserve—Equipment New Banking Quarters.....		300,000.00
Letters of Credit Outstanding.....		1,842,932.68
Capital.....	2,000,000.00	
Surplus.....	4,000,000.00	
Undivided Profits and Reserves.....	2,404,843.97	8,404,843.97
		<u>\$188,694,250.61</u>

### OFFICERS

R. OTIS MCCLINTOCK, <i>President</i>		F. L. DUNN, <i>Executive Vice-President</i>	
J. P. BYRD, JR., <i>Assistant to the President</i>			
<i>Vice-Presidents</i>		ROSCOE ADAMS, <i>Cashier</i>	
F. L. ALBAN	W. L. KENDALL	<i>Assistant Cashiers</i>	
E. F. ALLEN	WM. W. MICHAELS	A. H. HURLEY	J. D. PALMER
H. F. BARNETT	F. M. REYNOLDS	HARRY C. LANE	R. L. PHILLIPS
E. M. CARTER	R. ELMO THOMPSON	R. W. MILAM	GORDON WHITE
<i>Assistant Vice-Presidents</i>		<i>Trust Officers</i>	
J. L. BAKER	F. S. HUGILL	N. M. HULINGS	M. M. LAWELLIN
S. R. DENTON	O. H. ORMAN	LOUIS WALL, <i>Auditor</i>	
J. E. PARKER			
<i>Trust Committee</i>			
F. L. DUNN		R. ELMO THOMPSON	
GARY VANDEVER		W. M. BOVAIRD	
ELMER HALE		N. M. HULINGS	

## THE FIRST NATIONAL BANK AND TRUST COMPANY OF TULSA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

## Bank Graduates Farmers

(CONTINUED FROM PAGE 57)

In 1939 Mr. Schooler was instrumental in setting up a bank-sponsored ewe and lamb project. Forty-five boys and girls were enrolled in the project at one time. The bank set up its own contest rules, held its own fat lamb show in June, awarded prizes, and supervised the grading of the lambs and shipping to market. Furthermore, the bank officials decided to furnish transportation to the public market for each of the youngsters. This permitted them to follow their product completely through.

"During the eight to nine years of extending credit to rural youngsters, we have adhered strictly to a minimum age limit of 10 years," Mr. Schooler explains. "We prefer to have loan applications approved by the county agent, the 4-H Club leader, or the vocational agriculture instructor. Most of our loans are made on the full purchase price. A combination note and chattel on the stock purchased is signed both by the youngster and the parent. We charge 6 percent simple interest and we do not record these notes with the county recorder."

There is a practical reason for charging 6 percent, according to Mr. Schooler.

"We know that some banks make interest-free loans to 4-H or FFA members," he explained. "However, our thinking in that respect is different. We want to make loans on a business-like basis just as though the youngsters were adults. In that way, when these youngsters reach their twenty-first birthday they'll continue to make loans the same way as they were doing when they were in high school."

Loans are made for whatever length of time is necessary. However, the due date is always set for the logical time when the animal should be sold.

**P**RACTICALLY all the lambs and ewes are insured because of the danger from sheep-killing dogs.

During the past eight years, the Citizens National Bank has loaned nearly \$50,000 to Livingston County rural youngsters. During that time losses have amounted to only \$104, which amounts to two-tenths of 1 percent. The bank makes four types of loans to the farm boys: calf (baby beef), sow and litter, cow and calf, and ewe and lamb. The feeder calf loan is the largest one, loans for 114 calves, all beef, having been made at the peak.

(CONTINUED ON PAGE 126)



# CENTRAL HANOVER

## BANK AND TRUST COMPANY

### NEW YORK

#### TRUSTEES

GEORGE W. DAVISON  
*Honorary Chairman*

LOUIS S. CATES  
*Chairman of the Board*  
*Phelps Dodge Corporation*

COLBY M. CHESTER  
*Honorary Chairman*  
*General Foods Corporation*

JOHN B. CLARK  
*President, The Clark Thread Co.*

JARVIS CROMWELL  
*President*  
*William Iselin & Company, Inc.*

BERNARD M. CULVER  
*Chairman of the Board*  
*Continental Insurance Company*

JOHNSTON DE FOREST  
*Attorney*

THOMAS DICKSON  
*President*  
*Berlin and Jones Company, Inc.*

WALTER G. DUNNINGTON  
*Attorney*  
*Dunnington, Bartolow and Miller*

WILLIAM A. ELDRIDGE  
*Vice President*

WILLIAM F. C. EWING  
*Executive Vice President*  
*Alexander Smith and Sons Carpet Co.*

ROBERT L. GERRY  
*President, The Gerry Estates, Inc.*

WILLIAM S. GRAY, JR.  
*President*

C. JARED INGERSOLL  
*Chairman of the Board*  
*Kansas, Oklahoma and Gulf Railway Co.*

K. T. KELLER  
*President, Chrysler Corporation*

GEORGE M. MOFFETT  
*Chairman of the Board*  
*Corn Products Refining Co.*

JOHN K. OLYPHANT, JR.  
*Vice President*

BENJAMIN O'SHEA  
*Director*  
*Union Carbide and Carbon Corporation*

EUSTIS PAINE  
*Chairman of the Board, New York and*  
*Pennsylvania Co., Inc.*

AUGUSTE G. PRATT  
*Chairman of the Board*  
*The Babcock and Wilcox Company*

GWILYM A. PRICE  
*President*  
*Westinghouse Electric Corporation*

LUCIUS F. ROBINSON, JR.  
*Attorney*  
*Robinson, Robinson and Cole*

JOHN P. STEVENS, JR.  
*President, J. P. Stevens & Co., Inc.*

HENRY P. TURNBULL  
*Montclair, New Jersey*

WILLIAM WOODWARD  
*New York, N. Y.*

#### Statement of Condition, June 30, 1948

#### ASSETS

Cash and Due from Banks . . . . .	\$ 415,486,774.54
U. S. Government Securities . . . . .	606,485,001.77
State and Municipal Securities . . . . .	41,912,635.73
Other Securities . . . . .	12,946,993.29
Loans and Bills Purchased. . . . .	450,287,764.77
Real Estate Mortgages . . . . .	5,540,936.14
Banking Houses . . . . .	11,724,008.00
Interest Accrued . . . . .	2,846,686.06
Customers' Liability on Acceptances Outstanding . . . . .	7,010,563.30
Total	\$1,554,241,363.60

#### LIABILITIES

Capital . . . . .	\$21,000,000.00
Surplus . . . . .	80,000,000.00
Undivided Profits. . . . .	27,578,640.91
\$	128,578,640.91
Reserves:	
Taxes, Interest, etc. . . . .	8,156,275.37
Dividend:	
Payable July 1, 1948 . . . . .	1,050,000.00
Acceptances . . . . .	\$10,918,633.30
In Portfolio . . . . .	3,472,732.91
Deposits . . . . .	1,409,010,546.93
Total	\$1,554,241,363.60

There are pledged to secure public monies and to qualify for fiduciary powers

U. S. Government Securities . . . . . \$33,839,244.49

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

According to Don Schooler, several other Missouri country banks are extending credit to farm boys and girls in their communities along lines set up by the Chillicothe institution. These are the Wood & Huston Bank at Marshall, the Nodaway Bank of Maryville, the Kemper State Bank of Boonville, and the First National Bank of Gallatin.

The Citizens National Bank is getting full cooperation from the county agent and the vocational agriculture instructor at Chillicothe high school. Recently the latter commented:

"Your bank is rendering a generous

service to rural youngsters through its lending program. This is particularly true as it applies to the farm boys studying vocational agriculture. As a result of your lending program, our FFA members are able to maintain some measure of control over the sale of their calves, lambs or pigs instead of having to sell at a sacrifice to raise funds for future needs. It can be made a definite part of the long-time supervised project program. It acts as a kind of intelligence branch for organizing and planning. Furthermore, it serves as a laboratory where the principles of honesty and good citizenship can be applied and tested. It is, in effect, a training institution to offer a challenge,

responsibility and an obligation—just as it does any assignment by a classroom instructor."

Recently a prominent Duroc hog breeder near Chillicothe told Mr. Schooler that four of the five boys that the Citizens National Bank had helped to finance under the swine breeder's supervision were developing into outstanding farmers.

"They have done so in a gradual way without taking any undue financial risks," he stated. "It seems that a long-term financing plan which involves the building of high grade or purebred herds while the boy is still growing up is sound. It may help a lot in the development of a capable and intelligent farming population for the future."

During the war years, Mr. Schooler served in the Airborne Command and the bank's program was curtailed somewhat during his absence. Upon his return, however, a different approach toward farm youth lending was adopted. The bank decided to direct more of its efforts toward and through the county agent and the vocational agriculture instructor. At the same time, Mr. Schooler works with the voluntary 4-H leaders. He lends his assistance to the county extension staff in securing topnotch leaders rather than in talking to individual youngsters about financing various livestock projects.

**I** MAKE it a point to attend the various meetings and banquets of farm youth organizations," Mr. Schooler stated. "This reminds them that the Citizens National Bank definitely is interested in their projects and problems and willing to make loans to them."

The underlying motive for the bank's program is its belief that every effort should be made toward keeping the right type of progressive rural youth on the farm. Ira G. Hedrick, president of the bank, is a large-scale farmer and cattle feeder, while Edgerton Welch, a vice-president, also has a large farm.

Cecil Ashlock, right, visits with his father and Don Schooler, during a Schooler visit



## THE NATIONAL CITY BANK OF CLEVELAND

### *Statement of Condition*

JUNE 30, 1948

#### ASSETS

Cash and Due from Banks . . . . .	\$119,188,401.83
United States Government Obligations . . . . .	215,166,086.58
Other Securities . . . . .	15,209,504.29
Loans and Discounts . . . . .	113,316,512.87
Investment in Banking Premises . . . . .	2,558,552.20
Customers' Liability on Acceptances and Letters of Credit . . . . .	3,190,525.81
Accrued Interest . . . . .	1,006,552.10
Other Assets . . . . .	479,366.33
	\$470,115,502.01

#### LIABILITIES

Capital Stock (625,000 shares) . . . . .	\$ 10,000,000.00
Surplus . . . . .	10,000,000.00
Undivided Profits . . . . .	4,514,509.12
Reserves . . . . .	\$ 24,514,509.12
Acceptances and Letters of Credit . . . . .	3,202,225.60
Accrued Interest and Expenses . . . . .	3,190,525.81
Deferred Credits and Other Liabilities . . . . .	1,409,295.96
Corporation, Individual and Bank Deposits . . . . .	1,039,195.97
Savings Deposits . . . . .	329,602,807.81
Trust and Public Deposits . . . . .	66,923,666.23
U. S. Government War Loan Account . . . . .	29,506,127.69
	10,727,147.82
	436,759,749.55
	\$470,115,502.01
Contingent Liability on Unused Loan Commitments . . . . .	\$ 16,968,792.20

NOTE 1: Under a formula authorized by the Treasury Department for tax purposes, \$655,459.23 has been transferred from "Reserves" as published in our periodic statements to a new Valuation Reserve which has been deducted from Loans and Discounts in the above statement. Additional transfers may be made from time to time as permitted under the formula.

NOTE 2: United States Government obligations carried at \$42,243,528.25 are pledged to secure trust and public deposits, U. S. Government War Loan Account, and for other purposes as required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



# Combined Statement of Condition

## FLORIDA NATIONAL GROUP OF BANKS

As at the close of business June 30, 1948

### RESOURCES

Loans and Discounts.....		\$ 70,260,950.64
Banking House, Furniture & Fixtures		
Including Office Buildings.....	5,362,278.04	
Other Real Estate Owned.....	171,686.70	
Prepaid Expenses.....	57,785.42	
Other Resources.....	20,233.85	
Customers Liability A/C Letters of Credit.....	4,757.50	
Accrued Interest and Income Receivable.....	\$ 1,200,653.86	
U. S. Government Securities.....	161,811,515.16	
Florida County and Municipal Bonds.....	22,818,920.37	
Federal Reserve Bank Stock.....	566,100.00	
Other Securities.....	1,542,014.36	
Cash on Hand and Due from Banks.....	94,409,772.04	282,348,975.79
		<b>\$358,226,667.94</b>

### LIABILITIES

Capital Stock.....	\$ 7,200,000.00	
Surplus.....	13,872,500.00	
Undivided Profits.....	1,853,278.44	\$ 22,925,778.44
Reserve for Contingencies.....		1,890,903.83
Reserve for Taxes, Interest, etc.....		1,382,218.37
Interest & Income Collected, not Earned.....		419,212.81
Letters of Credit.....		4,757.50
Deposits.....		331,603,796.99
		<b>\$358,226,667.94</b>

FLORIDA NATIONAL BANK  
at Jacksonville

FLORIDA NATIONAL BANK  
& TRUST COMPANY  
at Miami

FLORIDA BANK &  
TRUST COMPANY  
at Daytona Beach

FLORIDA BANK  
at Chipley

FLORIDA BANK  
at Bushnell

FLORIDA BANK  
at Orlando

## FLORIDA NATIONAL GROUP of BANKS



FLORIDA NATIONAL BANK  
at Pensacola

FLORIDA NATIONAL BANK  
at Ocala

FLORIDA NATIONAL BANK  
at Belle Glade

FLORIDA BANK  
at Port St. Joe

FLORIDA NATIONAL BANK  
at Key West

FLORIDA NATIONAL BANK  
at Bartow

FLORIDA NATIONAL BANK  
at Coral Gables

FLORIDA BANK  
at Fort Pierce

FLORIDA BANK  
at Starke

FLORIDA NATIONAL BANK  
at St. Petersburg

FLORIDA BANK  
at Madison

FLORIDA BANK &  
TRUST COMPANY  
at West Palm Beach

FLORIDA BANK  
at Gainesville

FLORIDA NATIONAL BANK  
at Lakeland

FLORIDA NATIONAL BANK  
at Fernandina

## The Anti-Inflation Brake

(CONTINUED FROM PAGE 51)

1947 survey, the current survey shows that there is less understocking.

Approximately 54 percent, the same percentage as in the previous survey, reported that manufacturer stocks were in balance.

According to the replies to the current survey, the trend during the second quarter of 1948 of the turnover of inventories was as follows:

Faster turnover	Slower turnover	Unchanged rate of turnover	No estimate
15.6 percent	29.6 percent	35.5 percent	19.3 percent

The replies also disclosed that the proportion of net working capital invested in inventories as compared with three months ago was as follows:

Greater	Smaller	Unchanged	No estimate
32.9 percent	13.1 percent	35.8 percent	18.2 percent

The above would indicate some slowing down in the turn-

over of inventories which undoubtedly has resulted in increasing the dollar amount being carried.

**Loans to Wholesalers.** In the current survey, 16.4 percent of the replies stated that there had been a substantial increase in loans to wholesalers during the first six months of 1948. This compared with 26 percent for the last six months of 1947.

Around 49 percent of those participating in the current survey stated that the inventories of wholesalers were in balance, and 27 percent reported that they were overstocked. The December 1947 survey indicated 56 percent in balance, and 21 percent overstocked. (See chart, page 51.)

The current survey shows a definite slowing up in the turnover of inventories.

The following is the result of the survey on a percentage basis:

Faster turnover	Slower turnover	Unchanged rate of turnover	No estimate
12.0 percent	43.8 percent	27.4 percent	16.8 percent

The proportion of net working capital invested in inventories appeared substantially greater as compared with the

TABLE IV—Volume of Bank Loans

Estimated dollar volume of bank loans for last six months of 1948, according to replies on percentage basis

	U. S. Totals	Federal Reserve Districts											
		1	2	3	4	5	6	7	8	9	10	11	12
<i>Increase</i>													
Over 10%.....	14.0	11.1	11.1	—	17.7	13.3	14.3	8.0	26.1	5.3	26.2	—	22.0
10% or less.....	40.8	35.6	41.7	42.1	52.9	30.0	33.3	60.0	34.8	63.2	21.5	66.7	31.7
No appreciable change....	35.7	48.9	44.4	57.9	29.4	43.4	42.9	26.0	39.1	5.3	35.7	20.0	26.8
<i>Decrease</i>													
10% or less.....	5.0	2.2	—	—	—	10.0	—	4.0	—	21.0	4.7	6.7	12.2
Over 10%.....	4.5	2.2	2.8	—	—	3.3	9.5	2.0	—	5.2	11.9	6.6	7.3
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

TABLE V—Interest Rates

Trend during past six months on average interest rates on loans held by banks, according to replies on a percentage basis

### A. BUSINESS LOANS

	U. S. Totals	Federal Reserve Districts											
		1	2	3	4	5	6	7	8	9	10	11	12
<i>Increase</i>													
Over ½ of 1%.....	24.0	17.8	19.4	21.1	41.2	30.0	28.5	24.0	30.4	36.9	14.3	26.7	22.0
Between ¼ and ½ of 1%.....	39.4	57.8	44.4	52.6	35.3	36.7	28.6	50.0	43.5	26.3	30.9	33.3	19.5
Less than ¼ of 1%....	2.5	—	5.6	—	—	—	4.8	2.0	—	10.5	2.4	6.7	2.4
No appreciable change....	30.2	17.8	27.8	26.3	17.6	26.7	33.3	20.0	26.1	26.3	47.6	33.3	51.3
<i>Decrease</i>													
Less than ¼ of 1%....	—	—	—	—	—	—	—	—	—	—	—	—	—
Between ¼ and ½ of 1%.....	—	—	—	—	—	—	—	—	—	—	—	—	—
Over ½ of 1%.....	.3	—	—	—	—	—	—	—	—	—	—	—	2.4
No estimate.....	3.6	6.6	2.8	—	5.9	6.6	4.8	4.0	—	—	4.8	—	2.4
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

end of the first quarter of 1948. The results of the current survey are:

Greater	Smaller	Unchanged	No estimate
37.4 percent	11.8 percent	33.8 percent	17.0 percent

From the foregoing it would appear that goods are not now passing as rapidly through the hands of the wholesalers as at the end of the war, or as in previous surveys when demand forced speedy distribution. It would appear that the supply of some types of goods has now reached or exceeded the level of demand.

**Loans to Retailers.** In the current survey, 28 percent of the replies stated that there had been a substantial increase of loans to retailers in the first six months of 1948. This is approximately the same percentage as for the last six months of 1947.

While 51 percent of the replies in the present survey stated that inventories of retailers were balanced, 41 percent indicated that they were overstocked and only 4 percent that they were understocked. (See chart, page 51.)

The turnover of inventories of retailers during the past

three months has been definitely slower. The current survey showed the replies on a percentage basis as follows:

Faster turnover	Slower turnover	Unchanged rate of turnover	No estimate
12 percent	58.7 percent	26.8 percent	2.5 percent

The slower turnover has resulted in a substantial increase during the past three months in the proportion of net working capital invested in inventories. The replies on a percentage basis were:

Greater	Smaller	No change
50.5 percent	13.4 percent	33 percent

The larger percentage of net working capital invested in inventories raises the question as to whether sales have been slower or inventories have been accumulating faster than the rate of sales.

As a whole it would appear that while goods are moving fairly well through the usual channels of distribution, there is evidence of more accumulation of stocks in the hands of retailers. Consumer resistance to certain goods due to price

(CONTINUED ON PAGE 131)

TABLE V (Continued)

B. PERSONAL LOANS

	U. S. Totals	Federal Reserve Districts											
		1	2	3	4	5	6	7	8	9	10	11	12
<b>Increase</b>													
Over ½ of 1%.....	21.8	20.0	11.1	—	11.8	26.6	19.1	18.0	39.1	42.1	19.1	26.7	31.7
Between ¼ and ½ of 1%.....	7.5	6.7	—	10.5	11.8	6.7	—	8.0	17.4	26.3	7.1	—	4.9
Less than ¼ of 1%.....	1.4	2.2	5.6	—	—	—	—	—	—	—	—	—	4.9
No appreciable change....	58.7	60.0	63.9	84.2	58.8	60.0	71.4	58.0	39.1	26.3	61.9	66.7	53.6
<b>Decrease</b>													
Less than ¼ of 1%.....	.3	—	—	—	—	—	—	2.0	—	—	—	—	—
Between ¼ and ½ of 1%.....	—	—	—	—	—	—	—	—	—	—	—	—	—
Over ½ of 1%.....	.3	—	—	—	—	—	—	—	—	—	2.4	—	—
No estimate.....	10.0	11.1	19.4	5.3	17.6	6.7	9.5	14.0	4.4	5.3	9.5	6.6	4.9
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

C. REAL ESTATE LOANS

	U. S. Totals	Federal Reserve Districts											
		1	2	3	4	5	6	7	8	9	10	11	12
<b>Increase</b>													
Over ½ of 1%.....	22.3	2.2	2.8	15.8	29.4	26.7	33.3	28.0	30.5	47.4	31.0	26.7	19.5
Between ¼ and ½ of 1%.....	29.1	26.7	33.3	36.8	23.5	30.0	9.5	42.0	26.1	31.6	33.3	20.0	19.5
Less than ¼ of 1%.....	2.5	4.4	8.3	—	11.8	—	—	—	—	—	—	—	4.9
No appreciable change....	36.9	46.7	41.7	42.1	23.5	33.3	47.7	24.0	34.8	21.0	28.6	46.7	51.3
<b>Decrease</b>													
Less than ¼ of 1%.....	—	—	—	—	—	—	—	—	—	—	—	—	—
Between ¼ and ½ of 1%.....	—	—	—	—	—	—	—	—	—	—	—	—	—
Over ½ of 1%.....	.6	—	—	—	—	—	—	—	4.3	—	—	—	2.4
No estimate.....	8.6	20.0	13.9	5.3	11.8	10.0	9.5	6.0	4.3	—	7.1	6.6	2.4
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



# THE NEW YORK TRUST COMPANY

100 BROADWAY

MADISON AVENUE AND 40TH STREET • TEN ROCKEFELLER PLAZA

## CONDENSED STATEMENT OF CONDITION JUNE 30, 1948

### ASSETS

Cash and Due from Banks.....	\$162,002,269.64
United States Government Obligations.....	239,181,991.15
Other Bonds and Securities .....	5,596,905.19
Loans and Discounts.....	252,275,453.46
Real Estate Bonds and Mortgages.....	40,606.01
Customers' Liability for Acceptances.....	1,139,820.38
Interest Receivable and Other Assets .....	2,261,154.73
	<u>\$662,498,200.56</u>

### LIABILITIES

Capital .....	\$15,000,000.00	
Surplus .....	35,000,000.00	
Undivided Profits.....	15,078,602.71	\$65,078,602.71
General Reserve.....		2,980,745.99
Reserve for Bad Debts.....		1,298,706.07
Dividend Payable July 1, 1948 .....		600,000.00
Acceptances.....		1,435,787.91
Reserve for Taxes and Other Liabilities.....		1,785,888.89
Deposits.....		589,318,468.99
		<u>\$662,498,200.56</u>

United States Government obligations carried at \$12,611,401.63 in the above statement are pledged to secure United States Government deposits of \$7,042,708.18 and other public and trust deposits and for other purposes required by law.

### TRUSTEES

MALCOLM P. ALDRICH  
New York

GRAHAM H. ANTHONY  
President  
Cole's Manufacturing Company

ARTHUR A. BALLANTINE  
Root, Ballantine, Harlan,  
Bushby & Palmer

JOHN E. BIERWIRTH  
President

ALFRED A. COOK  
New York

WILLIAM F. CUTLER  
Vice President  
American Brake Shoe Company

RALPH S. DAMON  
President  
American Airlines, Inc.

FRANCIS B. DAVIS, Jr.  
Chairman of the Board  
United States Rubber Company

SAMUEL H. FISHER  
Litchfield, Conn.

WILLIAM HALE HARKNESS  
New York

HORACE HAVEMEYER, Jr.  
President  
The National Sugar Refining Co.

B. BREWSTER JENNINGS  
President  
Socony-Vacuum Oil Co., Inc.

J. SPENCER LOVE  
Chairman of the Board  
Burlington Mills Corporation

ADRIAN M. MASSIE  
Vice President

SETON PORTER  
President, National Distillers  
Products Corporation

ROBERT C. REAM  
President  
American Re-Insurance Co.

MORRIS SAYRE  
President  
Corn Products Refining Co.

CHARLES J. STEWART  
Vice President

VANDERBILT WEBB  
Patterson, Belknap & Webb

Member Federal Deposit Insurance Corporation



level has been reported. Although such accumulations need not be dangerous, they do serve as a warning that the inventory position of bank borrowers should continue to be analyzed closely.

**Interest rates.** About 54 percent of the replies in the current survey indicated an increase in the average rate of interest on real estate loans, with 22.3 percent stating the increase was over  $\frac{1}{2}$  of 1 percent, and 29.1 percent saying the increase was between  $\frac{1}{4}$  and  $\frac{1}{2}$  of 1 percent. (See Table V.)

**Paying ability.** Only 19.8 percent of the replies indicated any slowing up in payments on real estate loans. (See Table VI.)

**Personal loans.** Three out of four bankers replying to the current survey indicated that personal loans had increased substantially in the first six months of 1948. This is approximately the same number who reported a substantial increase for the last six months of 1947.

**Interest rates.** There has been some increase in the average rate of interest on personal loans during the past six months. About 31 percent of the replies stated an increase, with 21.8 percent specifying that the increase was in excess of  $\frac{1}{2}$  of 1 percent; 58.7 percent, however, registered no appreciable change in rates. (See Table V.)

**Paying ability.** Over 62 percent of the respondents on the current survey stated that there was a slowing up in the ability of borrowers to meet their repayment schedules on personal loans from banks. About 30 percent had observed no appreciable change. It is worthy of note that the percentage who stated that personal loan payments were slowing up was greater than in real estate or business loans.

**Reasons for borrowing.** During the past year, the principal use of the proceeds of personal loans has been to finance automobiles. The financing of household appliances jumped

"If my husband asks what happened to the account, just tell him you were held up."



from third place in June 1947 to second place in December 1947, and retained that position in the current survey. Loans for the purpose of consolidating debts, while of little importance a year ago, have been in third place for the last two surveys. This might indicate that individuals are encountering difficulties in meeting their obligations and are finding it expedient to consolidate and refinance.

Loans for living expenses constitute the fourth purpose, and loans to meet the expenses of sickness the fifth.

While the foregoing indicates a gratifying degree of success in the carrying out of our voluntary credit control program, there is unmistakable evidence that continued vigilance and restraint must be exercised to keep bank credit under adequate control in the light of the inflationary pressure still at work.

TABLE VI—Ability of borrowers to meet their repayment schedules on bank loans, according to replies on percentage basis

	U. S. Totals		Federal Reserve Districts											
	1.	2	3	4	5	6	7	8	9	10	11	12		
<b>Business Loans</b>														
Improvement.....	5.3	6.7	—	10.5	—	3.3	4.8	6.0	4.3	5.3	9.5	—	7.3	
Slowing up.....	31.0	33.3	22.2	21.1	23.5	30.0	47.6	24.0	17.4	42.1	28.6	13.3	56.1	
No change.....	61.2	60.0	75.0	68.4	76.5	63.4	47.6	66.0	78.3	42.1	57.1	80.0	36.6	
No estimate.....	2.5	—	2.8	—	—	3.3	—	4.0	—	10.5	4.8	6.7	—	
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
<b>Personal Loans</b>														
Improvement.....	4.2	6.6	8.3	5.3	—	3.3	—	6.0	—	—	2.4	—	7.3	
Slowing up.....	62.3	66.7	44.5	68.4	41.2	76.7	85.7	56.0	73.9	78.9	40.5	73.3	68.3	
No change.....	30.7	26.7	33.3	26.3	58.8	20.0	14.3	34.0	26.1	21.1	52.4	26.7	22.0	
No estimate.....	2.8	—	13.9	—	—	—	—	4.9	—	—	4.7	—	2.4	
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
<b>Real Estate Loans</b>														
Improvement.....	2.8	—	2.8	—	—	3.3	—	4.0	8.7	—	4.8	—	4.9	
Slowing up.....	19.8	15.6	13.9	15.8	23.5	40.0	9.5	26.0	21.7	21.1	9.5	20.0	21.9	
No change.....	72.4	71.1	69.4	73.7	70.6	56.7	85.7	66.0	69.6	78.9	83.3	80.0	73.2	
No estimate.....	5.0	13.3	13.9	10.5	5.9	—	4.8	4.0	—	—	2.4	—	—	
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	

# Investment Market

(CONTINUED FROM PAGE 72)

instances, it has led to over-reaching by bidders who are anxious to get the business. That in turn has led to an upward pressure on interest rates, at least indirectly, and this is wholly contrary to official policy otherwise.

In fact, it is most instructive to observe that competitive bidding and some of its dire consequences in a non-rising market, has made several important issuers of capital avoid this marketing method in favor of private placement. Not so long ago the Port of

New York Authority placed privately with a group of insurance companies its first issue of \$30 million airport revenue bonds. Some \$40 million obligations which will finance the Delaware Memorial Bridge was likewise placed privately without public competition.

There is no doubt that the capital markets have changed a good deal in the last 25 years. Many more individuals hold securities in small amounts today than previously, and large family estates are getting smaller by taxation and otherwise. This has led to a smaller turnover on the stock markets because the majority of securities owners do not trade, but just keep their holdings.

Also, the large tax rates have cut down on the normal accumulation of investment cash in the hands of individuals and of families, and a greater percentage of savings, for example, now goes into the large insurance companies which, in turn, have become more important as institutional investors.

All this combined has had a profound effect on the capital markets, and the general feeling is that legislation and interpretation of existing rules in many areas of government will have to be adapted to take cognizance of these changes and to assure continued proper functioning to the economic forces which make up business life in this country. The Republican candidate and his advisors may do well to consider policy statements during the forthcoming campaign which may reassure the financial and industrial community that some of the current shortcomings of laws and their interpretation would be remedied.

The Treasury's surplus, for the fiscal year ended June 30, of \$8.419 billion, which is nearly \$1 billion more than was expected, will mean an active continued redemption policy by the fiscal authorities. Offerings of F and G bonds for institutional investors and the banks will provide the Treasury with additional funds with which to retire short term debt. The general expectation is that in this process some Federal Reserve-held debt may be reduced sharply. This would be a welcome deflationary development, particularly so if the central banks should engage, as they have from time to time, in the inflationary purchase of bonds in the market to maintain the pegs. Continued retirement would at least be a desirable offset.

There is again a good deal of discussion about the certificate rate and it would surprise no one if it were to go to 1½ percent in September, when maturities and refunding occur.

## THE FORT WORTH NATIONAL BANK FORT WORTH, TEXAS

★  
STATEMENT OF CONDITION AT CLOSE OF BUSINESS  
JUNE 30, 1948

### ★ RESOURCES

CASH AND DUE FROM BANKS . . . . .	\$ 60,639,243.41
UNITED STATES GOVERNMENT SECURITIES . . . . .	42,194,388.78
OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS . . . . .	6,387,418.59
OTHER BONDS, NOTES AND DEBENTURES . . . . .	1,486,866.37
STOCK FEDERAL RESERVE BANK . . . . .	210,000.00
LOANS AND DISCOUNTS . . . . .	58,239,065.92
INCOME EARNED—UNCOLLECTED . . . . .	215,411.09
BANKING HOUSE . . . . .	\$ 1,420,000.00
FURNITURE AND FIXTURES . . . . .	1.00
OTHER REAL ESTATE . . . . .	1.00
CUSTOMERS LIABILITY—LETTERS OF CREDIT . . . . .	18,000.00
OTHER RESOURCES . . . . .	34,321.99
<b>TOTAL . . . . .</b>	<b>\$170,844,718.15</b>

### ★ LIABILITIES

COMMON STOCK . . . . .	\$ 3,500,000.00
SURPLUS . . . . .	3,500,000.00
UNDIVIDED PROFITS . . . . .	509,525.65
RESERVE FOR CONTINGENCIES . . . . .	1,000,000.00
RESERVE—AMORTIZATION OF BOND PREMIUMS . . . . .	675,837.68
RESERVE—TAXES, INTEREST AND EXPENSE . . . . .	569,979.37
LETTERS OF CREDIT ISSUED . . . . .	18,000.00
INCOME COLLECTED—UNEARNED . . . . .	280,006.85
<b>DEPOSITS:</b>	
INDIVIDUAL . . . . .	\$111,793,907.32
BANK . . . . .	41,398,870.91
U. S. GOVERNMENT . . . . .	1,727,631.81
OTHER PUBLIC FUNDS . . . . .	5,870,958.56
<b>TOTAL . . . . .</b>	<b>\$170,844,718.15</b>

U. S. Government and other securities carried at \$19,116,425.39 in the above statement are deposited to secure public funds and for other purposes required or permitted by law

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



**No successful farmer can be ignorant. It takes brains to keep track of government support prices and parity and know when to sell.**

## LEADERSHIP

For years we have provided financing for many of the major companies handling the Alaska and Pacific Northwest salmon pack.

Such leadership has been earned through long experience and specialized knowledge.

We invite your inquiries on fisheries and other banking and business matters.

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of  
C



## STATEMENT OF CONDITION

At Close of Business June 30, 1948

### RESOURCES

Cash and Due from Banks . . . . .	\$ 88,977,683.04	
United States Government Obligations . . . . .	147,736,319.14	
Obligations of U. S. Government Agencies . . . . .	10,111,425.57	\$246,825,427.75
State, County and Municipal Securities . . . . .		13,374,677.58
Other Bonds . . . . .		195,956.96
Loans and Discounts . . . . .		93,576,761.76
Federal Reserve Bank Stock . . . . .		300,000.00
Banking Houses and Equipment . . . . .		2,043,643.83
Other Real Estate . . . . .		28,797.00
Interest Earned—not collected . . . . .		695,552.72
Other Resources . . . . .		17,827.23
Customers' Liability under Letters of Credit and Acceptances . . . . .		233,052.41
		<u>\$357,291,697.24</u>

### LIABILITIES and CAPITAL

Deposits . . . . .	\$336,060,248.33	
Unearned Income . . . . .	647,600.42	
Liability under Letters of Credit and Acceptances . . . . .	233,052.41	
Reserves for Accrued Expenses, Interest and Taxes . . . . .	778,778.03	
Capital . . . . .	\$3,000,000.00	
Surplus . . . . .	7,000,000.00	
Undivided Profits . . . . .	4,914,041.24	
Reserves for Contingencies . . . . .	4,657,976.81	19,572,018.05
		<u>\$357,291,697.24</u>

## NATIONAL BANK OF COMMERCE

of Seattle • 28 Washington Offices

FOUNDED 1889

### DIRECTORS

THOMAS BALMER Vice President Great Northern Railway Company	KEITH G. FISKEN Vice President, Seattle Cedar Lumber Manufacturing Co.
IRA W. BEDLE W. A. BELL President, Yakima Hardware Company	R. M. HARDY President, Sunshine Mining Co. Director, Northwest Airlines, Inc.
E. K. BISHOP Vice President President, E. K. Bishop Lumber Company	WYLIE HEMPHILL Hemphill & McKillop
LEO S. BLACK Treasurer, Seattle Cedar Lumber Manufacturing Company	J. W. MAXWELL Honorary Chairman
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MAXWELL CARLSON President	CARL L. PHILLIPS First Vice President
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	JOHN T. TENNESON President, Superior Packing Co. President, Pyramid Fisheries Co.
	HERBERT WITHERSPOON

Member Federal Deposit Insurance Corporation

# How Missouri Equalizes Bank Taxes

(CONTINUED FROM PAGE 30)

The practical effect of this provision is to achieve equality between state and national banks in the matter of taxation. Each type bank pays the tax levied by the act, taxes on its real estate and its contributions due under the Unemployment Compensation Tax Law of Missouri. In addition, state banks are subject, for example, to applicable franchise taxes, income taxes, license taxes and sales taxes, but the amount which they actually pay on account of such taxes is, pursuant to the quoted provision of the act, taken as a credit against the tax otherwise due under the act. Thus

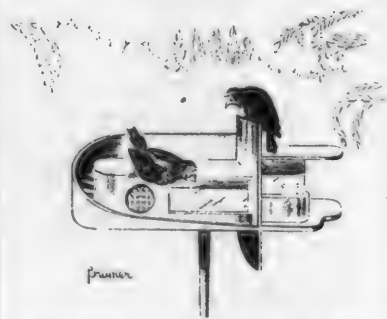
unless the aggregate of the other taxes which are payable by state banks and not by national banks, exceeds the amount of tax otherwise payable pursuant to the act, the sought for equality is achieved.

While the constitutionality of subsection E has not been considered squarely in an opinion of an appellate court in Missouri, it would seem that the net result of the holding of the Supreme Court of Missouri in *First National Bank of St. Joseph et al. v. Buchanan County et al.*, 205 S. W. (2d) 726 decided on November 10, 1947, is to approve the credit provision of the sub-

section. In that case, which was for a declaratory judgment to determine the tax position of the St. Joseph, Missouri, state and national banks which were parties to the case, the Supreme Court carefully limited its judgment on the Bank Tax Act of 1946 to its application to banks "located within the City of St. Joseph" and "to the immediate problems presented by this action." Nonetheless, since the court said that "from and after that date (July 1, 1946) the appellant state banks in St. Joseph are subject to the Act and are entitled to the corresponding credits provided 'during the relevant income period' (Laws No. 1945 p. 1921, Sec. 3)", it would seem highly improbable that the court in any subsequent proceeding would hold the credit provision invalid.

Of the 18 states which as of October 1946 taxed banks, state and national, on the excise tax basis, that is, method number four as provided in Section 5219, at least 11, in one form or another, substantially provide that the excise tax shall be in lieu of all other taxes payable by the bank except taxes on real estate, and only one, Alabama, contains a credit provision comparable to that which was used in Missouri.

It is submitted that if the dual system of chartered banking is to be preserved it is essential that "in lieu of" or "credit" provisions be enacted by, and held valid in, the several states. The corollary, of course, is that Congress be not so zealous with regard to national banks that such institutions (and likewise state banks, if tax equality between state and national banks is to be preserved or achieved) do not defray their fair share of the tax burden of the states in which they are located. Fair play towards state chartered banking therefore would appear to require that the most careful study be given the resultant tax position of state banks in considering amendments to Section 5219.



"Well, yes, it's nice; but I thought we decided on something a little more conservative."

BANKING

## CONDENSED STATEMENT

### FIRST NATIONAL BANK IN ST. LOUIS

At the Close of Business, June 30, 1948

#### RESOURCES

Cash and Due from Banks	\$116,864,124.85
U. S. Government Securities	150,810,702.29
Loans and Discounts	173,763,616.06
Other Bonds and Stocks	10,000,251.37
Stock in Federal Reserve Bank	612,000.00
Banking House, Improvements, Furniture and Fixtures	308,153.30
Other Real Estate Owned	857,002.00
Customers' Liability a/c Letters of Credit, Acceptances, etc.	1,894,256.53
Accrued Interest Receivable	858,118.26
Overdrafts	54,215.17
Other Resources	3,103.30
	<u>\$456,025,543.13</u>

#### LIABILITIES

Capital Stock	\$10,200,000.00	
Surplus	10,200,000.00	
Undivided Profits	<u>7,890,061.15</u>	28,290,061.15
Dividend Declared, Payable Aug. 31, 1948, and Nov. 30, 1948		600,000.00
Reserve for Taxes, Interest, etc.		1,545,752.47
Unearned Discount		281,873.58
Liability a/c Letters of Credit, Acceptances, etc.		1,901,516.55
Other Liabilities		5,028.90
Demand Deposits	\$358,552,456.03	
Time Deposits	59,886,412.67	
U. S. Government Deposits	<u>4,962,441.78</u>	
Total Deposits		<u>423,401,310.48</u>
		<u>\$456,025,543.13</u>



St. Louis' Largest Bank

Member Federal Deposit Insurance Corporation



## Western Trust Conference

**L**EROY B. STAYER, trust officer of the United States National Bank, Portland, Oregon, has been named general chairman of the annual Western Regional Trust Conference to be held in Portland, Ore., October 13, 14 and 15, under the auspices of the Trust Division of the American Bankers Association. The first of these Western Regional Trust Conferences by the Trust Division was held 25 years ago — in 1923, in San Francisco, California.

The hosts of this year's Conference will be the Trust Companies Association of Oregon and the Corporate Trustee's Association of Washington.

Other committee chairmen are: *Program*, George W. Steward, trust officer, First National Bank, Portland; *finance*, J. L. Day, trust officer, Bank of California, Portland; *hotel and facilities*, Kenneth D. Root, United States National Bank, Portland; *publicity*, R. A. Welch, trust officer, First National Bank, Portland; *registration and information*, M. H. Erz, trust officer, Title and Trust Company, Portland; *entertainment*, C. L. Minahan, assistant trust officer, United States National Bank, Portland; *ladies, entertainment*, Mrs. J. L. Day.



"Oh, sure, you can eat your cake without having it initialed by an officer."

August 1948

## CANADIAN-AMERICAN Commerce

Good neighbors in business as well as in social relations, Canadians and Americans for more than a century have carried on ever-increasing trade across a free and peaceful border.

The Bank of Montreal has been a consistently growing factor in that inter-national trade. Beginning in 1817 with one office and a staff of seven, the Bank has grown steadily and has kept pace with Canada's needs and with Canadian-American commerce.

Today the Bank offers to Americans dealing with Canadians a nationwide, modern banking service with a network of branches covering the Dominion.

Our assets are more than \$1,700,-



000,000, and we safeguard over a million deposit accounts of customers.

Our services include credit and market information, deposit and loaning facilities, commercial credits, collections and payments, assistance on the intricacies of foreign exchange, and special wire connections to speed transactions.

Inquire at one of our American Offices or at the Head Office, Montreal.

NEW YORK: 64 Wall Street

CHICAGO: 27 South LaSalle St.

SAN FRANCISCO: 333 California St.

HEAD OFFICE—MONTREAL

Branches throughout Canada and Newfoundland

### BANK OF MONTREAL

ESTABLISHED 1817

## COLOMBIA

### Presents Extensive Opportunities

Colombia, among the leading countries of South America in trade with the United States, will offer increasing opportunities in the years ahead for travel, export and import trade, and development of new or expansion of existing local industries.

Increasing numbers of forward-looking banks and business organizations in the United States are establishing correspondent relations in Latin America, notably with Colombia. Many of them are taking advantage of the exceptional and complete banking facilities provided by this 35-year-old institution.

With 25 offices in all commercially important parts of the country, trade information is quickly gathered and forwarded to you. Special departments for handling collections and letters of credit.

Inquiries cordially invited.

### BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices—Bancoquia

Capital paid-up: \$8,184,937.—Pesos Colombian

Reserves: \$8,938,693.—Pesos Colombian

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Anserma (V), Armenia, Barrancabermeja, Barranquilla, BOGOTA, Bucaramanga, Cali, Cartagena, Cartago, Cucuta, Girardot, Magangué, Manizales, Montería, Neiva, Pasto, Pereira, Puerto Berrio, San Gil, San Marcos, Santa Marta, Sincelejo, Socorro, Vélez.

New York Representative—Henry Ludeke, 40 Exchange Place, New York 5, N. Y.

## News for Country Bankers

(CONTINUED FROM PAGE 59)

the present farm population of 27½ million is still three million below the 1940 figure. . . . With labor high and capital cheap, the farmer is required to almost double the work hours of his city cousins in order to feed the urbanites, pay for the use of his capital, meet his incidental obligations, and gain a livelihood for himself and his family. . . .

Longer term mortgage loans, based

**New Quarters for  
425 BANKS  
since V-E day alone!**



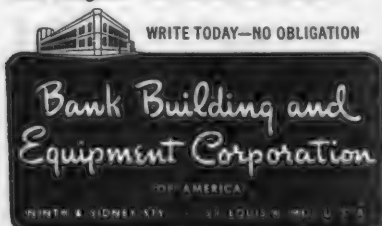
### Let us help you plan yours!

If your bank contemplates new quarters, get in touch with us. We design, build, modernize and equip banks *exclusively*. When we execute your project, your new quarters plans are based on a comprehensive preliminary study of your BANKING as well as "building" needs. Get the facts on this unusual organization —



### how our bank building Analysts help plan your bank . . .

Building or modernizing a bank calls for more than architectural ability. That's why our designers first study a comprehensive survey of your needs, made by our experienced bank Analysts. These men survey your flow of work; distribution of space, new facilities required, likely expansion needs. This *thorough approach* to bank planning is exclusive with us . . . America's most experienced bank designers. For further information:



upon present-day valuation would help the farmer. Few credit institutions are willing to consider farm property at today's market worth when making mortgage loans to farmers. . . . It doesn't seem fair that farmers must take old valuations on their property when obtaining long-term credit. . . .

Young men interested in farming are discouraged when the question of obtaining credit has to be reckoned with. Present farm owners demand prices based on today's valuation. . . . Young men, brave enough to venture into farming, need long-term credit based on today's valuations, otherwise farming will become a hobby, and production demands will not be met. . . . Today's farming operations demand good judgment, keen interest, aptitude for the work, modern machinery, better cattle, and improved methods—impossible to young people without credit cooperation.

### Swedish Savings Banks Launch Forestry Program

**B**ANKING is indebted to R. Ekman, bank official of Gefleborgs Läns Sparbank, Gävle, Sweden, for this report on the Swedish savings bankers' forestry program:

One of the forest districts in Sweden, known all over the country as a very well tended one, is the district of Gefleborg, in the middle part of Sweden.

Members of the Swedish Savings Banks Association started in June this year their first meeting in forest economy at a place called "Kratten."

The preparation of the program was in the hands of Bankdirector John Evert Bylund, at Gefleborgs Läns Sparbank, who once was associated with the Bank of America in San Francisco; and the executive forester of the district, Eric Persson. The idea of the meeting was to give all bankers the very best of information in forest economy, how to handle a well tended forest now and in the future, administration and

credit control. Lectures were given by the most eminent professors from the Swedish Forestry High School and excursions followed into different districts.

After a three-day meeting the members were invited to visit some pulp- and sawmills belonging to "the Bergslagens" Company, the oldest company of its kind in the world, having just celebrated its 600th anniversary.

The bankers who took part in the program agreed that it had been very useful. Similar courses are to follow.

### ERP and Farm Machinery

**A** 24-PAGE illustrated report on the "Effect of Purchasing Farm Machinery for Shipment Abroad" has recently been released by the American Enterprise Association of New York City. It was made at the request of Representative Christian A. Herter, chairman of the House of Representatives' Select Committee on Foreign Aid.

Some of the more important conclusions drawn by the report are to the effect that any "realistic" program for shipping farm machinery abroad under the European Recovery Program must be preceded by "an exhaustive survey of the actual needs of the ERP areas."

The immediate aims of a farm machinery program under ERP should be "to raise the level of European food production with the least delay." This can best be done by supplying repairs and replacements for animal-drawn equipment. Extensive farm mechanization for raising the European standard of living is "a matter for a longer term."

The United States can supply ERP import needs in farm machinery without materially affecting its domestic economy. Europe can produce the major part of its own requirements.

"The United States cannot give away steel indefinitely to any area where facilities exist to produce it."

MARY B. LEACH

Swedish bankers  
are shown wood-  
planting



# CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

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*Statement of Condition, June 30, 1948*

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## RESOURCES

Cash and Due from Banks.....	\$ 629,772,380.30
United States Government Obligations.....	1,125,745,357.30
Other Bonds and Securities.....	59,926,795.11
Loans and Discounts.....	438,146,894.55
Stock in Federal Reserve Bank.....	4,050,000.00
Customers' Liability on Acceptances.....	1,379,146.70
Income Accrued but Not Collected.....	6,139,998.81
Banking House .....	10,050,000.00
	<u>\$2,275,210,572.77</u>

## LIABILITIES

Deposits .....	\$2,082,217,706.10
Acceptances .....	1,387,726.70
Reserve for Taxes, Interest and Expenses... ..	7,517,037.96
Reserve for Contingencies.....	18,105,727.03
Income Collected but Not Earned.....	434,377.36
Capital Stock .....	60,000,000.00
Surplus .....	75,000,000.00
Undivided Profits .....	30,547,997.62
	<u>\$2,275,210,572.77</u>

United States Government obligations carried at \$228,891,757.07  
are pledged to secure public and trust deposits and for other  
purposes as required or permitted by law

*Member Federal Deposit Insurance Corporation*

# All Sorts of Ways to Build Bank Displays

(CONTINUED FROM PAGE 44)

hitherto were unacquainted with its services. In addition, they create substantial customer goodwill. Customers participate by voting their preferences for a general award. Art authorities select the award winners in specialized fields, such as neighborhood and country scenes, portraits, textiles, and costume and book illustration design.

These Washington Irving art exhibits give children like Hedy Ellenbogen, a recent child book illustration winner and a native of Hungary, a valuable in-

sight into the workings of Democracy. Hedy was in a concentration camp during the war. In addition to the demands of high school study, she works after school to earn money to send to her mother, who is still in Hungary.

Other exhibits in somewhat the same category as the Washington Irving High School include a sewing display by the students of the Mabel Dean Bacon Vocational High School; an art, photographic and handicraft display by the famous Madison Boys Club; and post-

ers, designed by students in several schools, featuring the Gramercy Park Flower Association's flower show.

The Madison Boys Club show was extremely popular because many of the bank's customers and other neighborhood people had contributed toward the maintenance of the club at one time or another and they were appreciative of the opportunity to see samples of the boys' work.

"Your Holiday Preview" is the title of a free annual travel exhibit held in the main office lobby of The Bank for Savings. It offers practical hints for vacationists who want to stay close to home and to those who intend to wander farther afield. Lighted Kodachrome scenes are used lavishly in the 1948 show to induce those suffering from acute wanderlust to cross state, regional and foreign boundaries.

Most of the exhibits are spectacular and engage the attention of countless prospective tourists. During a busy business day, customers, in a steady stream, pass the bank's rose and white awning-striped display booth, linger to collect miscellaneous travel folders, and, in the course of events, are exposed to a placard advertising the bank's vacation savings club. Other vacation services, such as travelers' checks and safe deposit, are tied in to the travel exhibit by poster displays both at the main and uptown offices. Posters are also used at the uptown offices to call attention to the other displays previously mentioned.

Among the unique travel exhibits is that of the New Jersey State Council. It is a mechanical vacation scene quiz show, operated by a dial. Contestants have a choice of three possible answers as to the identity of 11 photographs of scenic favorites in the Garden State.

Other exhibits include an automatic Kodachrome projector providing a continuous showing of 30 or more New York State vacation spots. An illuminated lucite map of New England indicates the transportation routes through the six New England states. It is flanked by lighted Kodachrome scenes and a

Jessie Morrow, Bank for Savings personnel director, with her collection of dolls, on display during an employees' hobby show



## STATEMENT OF CONDITION

*At the close of business June 30, 1948*

### ASSETS

Cash on Hand and Due from Banks .	\$115,906,013.11
United States Securities Owned . .	53,186,039.51
Other Stocks and Bonds . . . .	8,489,591.14
Loans and Discounts . . . . .	135,340,034.45
Banking House and Equipment . .	2,795,935.51
Customers Liability,	
Account Acceptances . . . . .	29,585.57
Other Assets . . . . .	1.00
	<u>\$315,747,200.29</u>

### LIABILITIES

Capital Stock . . \$	7,500,000.00
Surplus Fund . .	7,500,000.00
Undivided Profits .	5,848,294.73
Reserved for Taxes, Etc. . . . .	1,765,642.14
Reserved for Contingencies . . . .	851,703.51
Acceptances Executed for Customers	29,585.57

### DEPOSITS:

U. S. Gov't . . \$	6,414,845.45
Other Deposits .	285,837,128.89
	<u>292,251,974.34</u>
	<u>\$315,747,200.29</u>

**First National Bank**  
in Dallas

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



model train, bus, automobile and airplane. A New England town main street scene is also a part of this exhibit. A rustic rural scene is the center of interest in an Ireland display. It emerges from a painted wallboard background showing a countryside with thatched houses and merges, at the floor, with a miniature thatched house and a farmer driving a donkey-propelled cartload of flax along a country road, pursued by a small boy and his dog.

From year to year the bank gets many telephone calls about its travel show before it opens, while it is in progress and after its closing. Early this Spring a woman called seeking guidance on travel arrangements. She said that last year in the bank she had picked up a folder on the Canadian Rockies and that this Spring her son had unexpectedly announced that "We are going to the Canadian Rockies this Summer." Her gratitude was boundless.

Other exhibits in the main office lobby that have been good customer relations builders include a showing of dolls, dressed by the bank's staff, for children from various orphanages and representing many nationalities and creeds. The dolls, along with other toys, entertainment and refreshments, are presented to the children at a Christmas party financed by the bank's staff. Customers become so interested in the dolls that they offer to help dress them. Periodic employee hobby displays also are held in the lobby.

**W**INDOW and lobby display techniques employed by The Bank for Savings, together with other customer services—including customer lounges in the bank's lobbies—are so effective in selling the bank that little newspaper advertising is necessary. The bank does, however, use some carcard ads and about 150 outdoor three-sheet posters in the areas it serves. The bank's promotional campaigns have brought it steady growth despite some seepage of accounts due to unfavorable changes in its main office location.

As an outdoor advertising medium, perhaps the bank's most unusual advertisement is a three-dimensional 25 x 15-foot diorama in full color, installed on the second floor exterior balcony of the main building. The diorama, featuring savings and mortgage loans, with neon lights flashes the command to "Save for Happiness." It is a picture of a family of three—father, mother and son—in heroic size in the foreground, with their new home and a suburban vista in the background.

Economy is the watchword of The



The bank's "Save for Happiness" diorama at the main office

Bank for Savings in planning its advertising displays. If a display needs an interesting background, such as a diorama, it is made by the bank's carpenters and painted in the bank. If it requires lettering, it is sent out to a

professional artist. Not a few of the bank's window exhibits, such as the B & O one previously mentioned, are obtained without cost; however, the bank's policy is not to install displays unless they tie up historically with the bank, have intrinsic advertising merit, or are community goodwill builders.

Banking terminology has changed considerably since 1816, when the founding fathers organized the Society for the Prevention of Pauperism—a philanthropic organization—and it, in turn, gave birth to The Bank for Savings. However, the aims of the founders and of today's management of the bank remain the same.

"The philosophy behind the bank's varied community service program," explained Mr. McElvare, "is that by identifying the bank with the community by helping to solve problems affecting the everyday life of the people we hope to convince them that the bank is an attractive place and that it contributes to the public welfare."

## CONDENSED STATEMENT OF CONDITION

AT CLOSE OF BUSINESS JUNE 30, 1948

### DIRECTORS

SAMUEL K. RINDGE  
*Chairman of the Board*

HERBERT D. IVEY  
*President*

MILO W. BEKINS  
W. J. BOYLE

WALTER H. BUTLER  
RALPH J. CHANDLER

EUGENE P. CLARK  
DWIGHT L. CLARKE

T. B. COSGROVE  
A. M. DUNN

ERNEST E. DUQUE  
GEORGE W. HALL

ROBERT E. HUNTER  
WILLIAM A. INNES

L. O. IVEY  
ROBERT W. KENNY

WILLIAM S. ROSECRANS  
W. A. SIMPSON

J. HARTLEY TAYLOR  
DONALD W. THORNBURGH

E. C. WILSON

### RESOURCES

Cash and Due from Banks . . . . .	\$ 79,821,203.11
United States Government Securities . . . . .	209,253,904.73
State, County and Municipal Bonds . . . . .	253,657.87
Loans and Discounts . . . . .	63,303,239.98
Federal Reserve Bank Stock . . . . .	300,000.00
Stock in Commercial Fireproof Building Co.— Head Office Building . . . . .	348,500.00
Bank Premises, Furniture and Fixtures, and Safe Deposit Vaults (Including Branches) . . . . .	2,169,450.56
Other Real Estate Owned, Carried at . . . . .	1.00
Customers' Liability under Letters of Credit and Acceptances . . . . .	906,105.05
Earned Interest Receivable . . . . .	867,259.26
Other Resources . . . . .	254,454.44
<b>TOTAL . . . . .</b>	<b>\$357,477,776.00</b>

### LIABILITIES

Capital Stock . . . . .	\$5,000,000.00
Surplus . . . . .	5,000,000.00
Undivided Profits . . . . .	4,122,581.07
Reserves for Interest, Taxes, Contingencies, Etc. . . . .	2,092,734.00
Discount Collected—Unearned . . . . .	334,846.08
Letters of Credit and Acceptances . . . . .	1,084,720.73
Other Liabilities . . . . .	481,083.53
Deposits . . . . .	339,361,810.59
<b>TOTAL . . . . .</b>	<b>\$357,477,776.00</b>

Established 1890

**CITIZENS NATIONAL BANK**  
TRUST & SAVINGS  
OF LOS ANGELES

Head Office: Fifth & Spring Streets, Los Angeles

Hill Street Office: 736 So. Hill Street      Subway Terminal Office: 439 So. Hill Street

Conveniently located Branches throughout Los Angeles

MEMBER FEDERAL RESERVE SYSTEM • MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

## (CONTINUED FROM PAGE 56)



The balance sheet footnote "Appraised by The American Appraisal Company at \$ . . . ." tells management and the public the value of the tools of production.

*The* **AMERICAN**  
**APPRAISAL**  
*Company*

Over Fifty Years of Service  
OFFICES IN PRINCIPAL CITIES

**FREE Catalog**  
**BRONZE TABLETS**

**DESIGNS FOR EVERY NEED**

Write today for free 48-page catalog, illustrating 150 suggestions for solid bronze tablets — memorials, honor rolls, testimonials, awards, etc. Ask for catalog B.

INTERNATIONAL

it's  
**Cool!**

Every room has adjustable air conditioning.

it's  
**Quiet!**

Every room has noiseproofing.

it's  
Homey!

Every room has a radio. No extra charge.

**it's the Hotel**  
**Mayfair**  
8th & St. Charles  
ROOMS FROM \$3.50  
**ST. LOUIS**

8th & St. Charles  
ROOMS FROM \$3.50

Besides being an office for Mr. Mosher and Mr. Webber during the sale, the trailer is also used as a "free lunch" counter during afternoon auctions, from which a trained waitress serves coffee and doughnuts. At the larger sales, especially those running all day, the bank rents a tent from which it serves free coffee, doughnuts, sandwiches, potato salad, hot dogs, and other picnic delectables.

Auctions clerked by the Romeo bank are advertised in display space in *The Romeo Observer Press* and in handbills distributed widely throughout the trade area. The bank's clerking and free lunch services are displayed prominently in the ads and handbills. President Lanphar feels that the bank derives great public relations value from these auctions, which draw anywhere from 100 to 1,000 people.

**A**SIDE from the farm auction advertisements, the Romeo Savings Bank does an effective job in publicizing its services in general. An example of this may be found in a colorful souvenir folder, 10,000 copies of which were distributed to visitors and newcomers to the "thumb section" of Michigan. The folder features a long list of services—32 in all—offered by "the friendly bank," and includes maps of Romeo and its trade area, and a brief history of local industry and agriculture.

In its eight-page 1947 annual report to stockholders the bank does more

It features the growth of the bank, 58 different types of loans, what the bank's loans mean to the Romeo community, its investment portfolio, deposits, regular and special services, personnel, public relations, board of directors, stockholders, etc. On page seven it presents its 83rd annual statement of condition and a list of the bank's officers and directors.

The bank enjoys a steady growth in commercial, savings, and loan accounts.

"Oh, it's here all right—I made out the deposit slip just before I left home"



## BANKING

# THE NATIONAL CITY BANK OF NEW YORK

Head Office • 55 WALL STREET • New York



## Condensed Statement of Condition as of June 30, 1948

Including Domestic and Foreign Branches But Not Including The Affiliated City Bank Farmers Trust Company

(In Dollars Only—Cents Omitted)

### ASSETS

Cash, Gold and Due from Banks .....	\$1,461,486,097
United States Government Obligations (Direct or Fully Guaranteed) .....	1,788,510,291
Obligations of Other Federal Agencies .....	20,026,721
State and Municipal Securities .....	245,222,036
Other Securities .....	82,591,319
Loans and Discounts .....	1,308,134,577
Real Estate Loans and Securities .....	2,682,977
Customers' Liability for Acceptances .....	37,020,477
Stock in Federal Reserve Bank .....	7,200,000
Ownership of International Banking Corporation .....	7,000,000
Bank Premises .....	28,128,039
Items in Transit with Branches .....	6,115,385
Other Assets .....	1,561,915
<b>Total .....</b>	<b>\$4,995,679,834</b>

### LIABILITIES

Deposits .....	\$4,645,527,278
(Includes U.S. War Loan Deposit \$37,481,988)	
Liability on Acceptances and Bills .....	\$50,217,295
Less: Own Acceptances in Portfolio .....	10,424,319
	<b>39,792,976</b>
<b>Reserves for:</b>	
Unearned Discount and Other Unearned Income .....	5,370,967
Interest, Taxes, Other Accrued Expenses, etc. ....	25,971,263
Dividend .....	4,650,000
Capital .....	\$ 77,500,000
Surplus .....	162,500,000
Undivided Profits .....	34,367,350
	<b>274,367,350</b>
<b>Total .....</b>	<b>\$4,995,679,834</b>

Figures of Foreign Branches are as of June 25, 1948.

\$302,660,341 of United States Government Obligations and \$2,272,208 of other assets are deposited to secure \$228,380,560 of Public and Trust Deposits and for other purposes required or permitted by law.

(Member Federal Deposit Insurance Corporation)

### DIRECTORS

WM. GAGE BRADY, JR.  
Chairman of the Board

W. RANDOLPH BURGESS  
Chairman of the Executive Committee

HOWARD C. SHEPERD  
President

SOSTHENES BEHN  
Chairman and President, International Telephone and Telegraph Corporation

CURTIS E. CALDER  
Chairman of the Board, Electric Bond and Share Company

GUY CARY  
Shearman & Sterling & Wright

EDWARD A. DEEDS  
Chairman of the Board, The National Cash Register Company

CLEVELAND E. DODGE  
Vice-President, Phelps Dodge Corporation

A. P. GIANNINI  
Founder-Chairman, Bank of America National Trust and Savings Association

JOSEPH P. GRACE, JR.  
President, W. R. Grace & Co.

JAMES R. HOBBS  
President, Anaconda Copper Mining Company

AMORY HOUGHTON  
Chairman of the Board, Corning Glass Works

ROGER MILLIKEN  
President, Deering, Milliken & Co. Incorporated

FREDERICK B. RENTSCHLER  
Chairman, United Aircraft Corporation

GERARD SWOPE  
Honorary President, General Electric Company

REGINALD B. TAYLOR  
Williamsville, New York

ROBERT WINTHROP  
Robert Winthrop & Co.

# STATEMENT AS OF JUNE 30, 1948

RESOURCES	
Cash & Due from Banks . . .	\$ 72,951,492.57
U. S. Government Securities . .	107,085,933.83
	<u>\$180,037,426.40</u>
State, County & Municipal Securities	3,705,760.32
Other Securities . . . . .	16,309,585.37
	<u>20,015,345.69</u>
Demand Loans . . . . .	18,732,460.49
Time Collateral Loans . . . .	5,336,706.52
Bills Discounted . . . . .	52,478,780.86
	<u>76,547,947.87*</u>
Banking Houses . . . . .	2,752,422.21
Customers' Liability under Acceptance	440,265.77
Accrued Interest Receivable . . . . .	540,765.72
Other Resources . . . . .	113,655.62
	<u>\$280,447,829.28</u>

LIABILITIES	
Deposits . . . . .	\$257,030,361.77
(Includes United States Deposits \$3,382,786.85)	
Unearned Discount . . . . .	1,242,397.55
Accrued Taxes, Interest, etc. . . . .	754,439.63
Reserve for Dividend Payable July 1, 1948 . . . .	142,187.50
Acceptances Executed . . . . .	\$2,915,185.08
Less: Acceptances Held in Portfolio . . . . .	2,461,434.37
	<u>453,750.71</u>
Capital Stock . . . . .	\$5,687,500.00
(par \$20.00)	
Surplus . . . . .	10,312,500.00
Undivided Profits . . . . .	2,351,274.30
	<u>18,351,274.30</u>
Reserves . . . . .	2,473,417.82
	<u>\$280,447,829.28</u>

\*Reserve in amount of \$669,442.31 has been deducted from the total Book Value of Loans.

## CORN EXCHANGE

NATIONAL BANK AND TRUST COMPANY

PHILADELPHIA

Established 1858

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

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## Business Aids

EACH month this column will list recent acquisitions of manufacturers' literature which will supplement the

material indexed in 1947 by the A.B.A. Small Business Credit Commission.



**HOW TO GUARD AGAINST LOSS THROUGH ERROR, NEGLIGENCE OR FRAUD**—As the title indicates, this 16-page booklet discusses losses in business and suggests ways of preventing many of them. It contains ideas that will be of interest to banks as well as auditors and controllers of other businesses. It is printed in two colors and clearly illustrated to show how controls can be strengthened to guard against fraud or other losses. Write to *Cummins Business Machines Corporation, 4740 Ravenswood Avenue, Chicago 40, Illinois.*



**50 BILLION RECORDS CAN'T BE WRONG**—a booklet of 36 pages with spiral binding and printed in two colors. Illustrates and describes the many advantages of microfilming for banks and many other lines of business. Includes full descriptions of various types

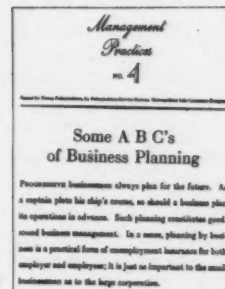
of equipment and services available. Write to *Recordak Corporation, 350 Madison Avenue, New York 17, N. Y.* A companion booklet of

30 pages deals specifically with banking systems—ask for "IN BANK AFTER BANK AFTER BANK."



**"REPORT TO INDUSTRY"**—A 52-page, pictorial booklet with suggestions as to improving methods, increasing machine efficiency and using new materials and

machines. This booklet covers the use of electrical apparatus and new methods in many industries. It also includes the application of many electronic developments, resulting from the war, to speed production or reduce costs or improve products in industry. The book also gives many examples of how newly developed materials, such as plastics, can be used by industry. The book is free and may be obtained from *Westinghouse Electric Corporation, Advertising and Sales Promotion Department, P.O. Box 868, Pittsburgh, Pa.*



**SOME A B C's OF BUSINESS PLANNING** — An 8-page pamphlet which outlines briefly eight basic steps for the development of the planning approach to business management. Part of a series which was described here last month. *Metropolitan Life Insurance Company, E. H. Conarroe, Policyholders Service Bureau, New York 10, N. Y.*

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August 1948



**MODERN WAYS FOR MODERN DAYS** — The "Appearance Factor" in retail selling. 36 pages in color. Contains numerous illustrations of modern stores, with special emphasis on open vision fronts. May be obtained by writing *Pittsburgh Plate Glass Company, Robert Wardrop, Advertising — Sales Promotion, Glass Division, Pittsburgh, Pennsylvania.*

## EDITORIAL

# THE CONDITION OF BUSINESS

By WILLIAM R. KUHNS

**The Outlook.** The 250 billion dollar question that business would like to have answered fairly soon is whether the next administration will reverse the inflationary policies of the last 16 years or not.

Senator Byrd of Virginia in a recent speech on the Federal budget said:

"The Republicans have done a lot of talking about economy but have accomplished little. The Democrats, in the high command, have not even done any talking. I do not mean by this that individual members of Congress, especially the chairmen of the appropriations committees of the Senate and House, have not made a real and determined effort to reduce public spending, but the actual net reductions have been relatively small. It is not an overstatement to say that the economy program has been a definite failure."

### To Go Back a Little

After the first World War the Treasury followed a consistent deflationary policy of paying off the debt. From 1920 to 1930 the debt was reduced from about 25½ billion to \$16,185,000,000.

This was coupled with a policy of friendliness toward business, generous foreign loans and a firm expectation of perpetual peace. Altogether this led to that memorable manifestation of confidence in our economic destiny associated with 1928 and 1929 when investors thought everything was going to 500, at least.

The inevitable collapse has been ascribed to many causes such as over-saving, over-spending, over-lending abroad, a disturbed foreign situation, the failure to apply brakes soon enough and many others. However, when enough people decide that doomsday is here, any old reasons will do.

### Spending and Spanking

In the decade of the Thirties the Government, with one hand, gave business every known brand of inflation, and, with the other, a spanking. This combination almost gave the *coup de grace* to commercial and industrial initiative and resulted in the longest and severest depression in our history.

It was the prospect of war and finally war itself which brought about a shotgun marriage of government and business. While it cannot be said that they have lived happily ever after, the fact is that for about 10 years we have had a policy of reasonable friendliness between government and business coupled with an inflationary fiscal program. The result has been the longest and biggest boom in our history.

### Question!

There is little doubt that the next government will continue the policy of cooperation with business.

This leaves only the question whether it will reduce public spending, pay down the debt and in general follow a de-

flationary policy. If so will the combination work a miracle as it did in the 20's? Is such a thing possible on top of the production miracle we are currently witnessing?

There are two possibilities. Either the new government will continue the black magic of inflation as the path of least resistance, or a real effort will be made to substitute action for years of talk about economy in government.

The answer is wrapped up in developments abroad, many of which are not under our control. The new government will inherit a lukewarm war, and some formidable financial commitments abroad which public opinion for the present seems to approve.

So it would appear to be a safe conclusion that no great economies can be counted on right away.

Some light on Governor Dewey's attitude toward this 250 billion dollar question is furnished in such paragraphs as this from his latest budget message to the New York legislature:

"We could readily remove tightness of our financial situation by increasing tax rates. But I gravely question the wisdom of that course. *By increasing revenues the higher tax rate would remove existing incentives toward further operational economies while increasing pressures on the state government to spend more.*"

### Long Term Prospects

The greatest opportunity for setting our affairs aright lies in the long term objective of getting foreign countries off relief and reestablishing foreign loans and investments on a plane of trust and confidence. This means the eventual resumption of private investment, for as long as loans are made abroad through political agencies it is an open invitation to the borrower to default when the paying gets tough.

The American businessman is strongly tempted by the fat profits sometimes to be made in overseas ventures. But there are conditions to give him pause today. The biggest problem of the direct investor in foreign enterprises is to get his earnings home to the United States. Eleven of the 20 Latin American countries, for example, have strict laws controlling the transfer of capital. Two others have legal restrictions, but allow repatriation of profits of businessmen. Similar restrictions in greater or less degree exist in other parts of the world.

Branch plants are not always welcome abroad. Sometimes infant industries object to such competition; or there may be military opposition for national defense reasons. Even when an American branch factory is established, it must often risk nationalization, as happened to the oil companies in Mexico. In some countries local employees who have been on a company's payroll a certain length of time may not be discharged under the law.

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